

THE TIMES

Tough talks as Treasury men seek cuts of £2,000m

ough talks will be held this week between Treasury and other ministers before Thursday's special Cabinet meeting on the scale of planned spending cuts. Reductions of about £2,000m are being sought and threatened areas include supplementary, unemployment, sickness and other benefits, defence, housing and education. Some ministers predict a big clash within the Conservative party if defence spending is cut to meet state industry demands.

Ministers predict big Tory clash

Michael Hatfield, the Reporter.

Leading Ministers are to have ringside seats at talks with big colleagues in the big defence departments this week. It was a crucial Cabinet meeting on Thursday on the scale of the "Government expenditure package will not be considered on Thursday, but a senior minister said last night that they will have to settle the principle of whether they want further cuts in the economy was further into recession and employment was rising.

Finance ministers, with the exception of Mrs Margaret Thatcher are pressing for cuts of £2,000 million in an attempt to bring the economy under control. A senior minister said last night they were looking at areas which hitherto had been regarded as politically "sacred" as being considered for possible employment cuts, and other benefits, such as housing and education. Ministers opposed to the idea of the projected cuts said that there would be dispute within the party over the need for cuts or if different policies were needed to meet the demands of the international industrial community.

A senior minister said that there could be a majority in the Cabinet in favour of the pressure and that the Government should moderate economic course. But a senior minister said that there be any such general and believed that the Government's spending decisions would have to fight own corners and win financial support inside the Cabinet.

Ministers in the front line in Francis Pym, Secretary of State for Defence; Mr. John Jenkins, Secretary of State for Social Services; Mr. Peter Carlisle, Secretary of State for Education and Science; and Mr. Michael Heseltine, Secretary of State for the Environment.

The Secretary of State for Employment also has to fight to maintain the size of his planned training and youth opportunities programme.

At a discussion of the severity of the proposed cuts in the Cabinet ministers have withheld any papers from ministers of state and junior ministers relating to the discussions.

Sir Geoffrey Howe, Chancellor of the Exchequer, is to head the Commons Treasury Select Committee today when he will be closely questioned on the Government's latest economic thinking. But it is unlikely that he will be able to say a great deal about the proposed cuts in spending at a Cabinet discussion.

The Cabinet is under pressure to take an early decision because the Government has to decide on the level of the rate support grant in November.

Mr. Reg Prentice, Minister for Social Security, said last night that the Government would persist with its financial disciplines and "if this means more cuts, so be it".

He told a meeting at Eastbourne: "If we have to apologise for anything, it is for not taking the cuts far enough. When the Government took office last year we wanted to underestimate the size of the task. Some people still underestimate it. We have promised too much for too long."

Mr. Pym, the former Chancellor of the Exchequer, said yesterday that a further round of spending cuts would have deepened the recession, which was now dragging British industry and economy into the hundreds of thousands more to the doom queues.

"Mrs. Thatcher has already decided to cut help for those she has put out of work. If now looks as though all forms of social benefits are to be cut and that the Government is to spend special money on a massive social programme, as well as on economic collapse."

He looked to Sir Geoffrey Howe to admit that his monetary policies were "a complete failure" and that he was now looking for a way to avert the rise in unemployment and save what is left of British industry before it disappears for good."

Defence cuts, David Wood, page 13

Defence cuts, David Wood



Photograph by Chris B.
Square rally

**50,000 rally
against
the bomb**

By John Witherslow
The biggest rally against nuclear weapons, since CND's heyday in the early 1960s, more than 50,000 people marched through central London yesterday demanding unilateral disarmament.
The demonstration, embracing the radical positions left of the Conservative Party and dozens of environmental and protest groups, looked like a medieval procession as for several hours it wound its way festooned with banners from Trafalgar Square to the Home Office, and then to a mass rally in Trafalgar Square.
For the Campaign for Nuclear Disarmament, which organized the protest, it was proof that there has been a massive resurgence of the anti-nuclear movement during the past year.
They believe that has been inspired by the growing concern of nuclear powers, since the Soviet intervention in Afghanistan and by the Government's decision to buy American Trident missiles and base cruise missiles in this country.
Several demonstrators, on the march dressed in anti-fur clothing and wore gas masks, and others limped along in bloodstained bandages to bring their message home.

Some wore skull masks with skeletons drawn on their clothes and carried signs saying, "I followed government instructions" or "You too could have a body like mine".

In Hyde Park a giant plastic monster roared over the demonstrators. Nearby, a model of a dinosaur carried the slogan, "Heavy armour; small brain; died out".

The march predominantly made up of young people, included representatives from the CND and from the Women Disarmament Campaign who had travelled from all over the country. They ranged from the Devices Friends of the Earth to the anti-carving-a-buscase-wreckers. "Schools kids against the bomb".

In Trafalgar Square, Mr Wedgwood Benn, the former Labour Secretary of State for Industry and Commerce, told the crowd that the Labour Party is now committed to oppose any defence strategy based upon the threat or use of nuclear weapons. He rejected the nuclear arms race as a threat to world peace and the survival of humanity.

"We must win support on such a scale that any British Government would not bow to the pressure of public opinion to take note of what they are saying," and change their policy.

Mr E. P. Thompson, the historian, added: "We do not have civilization any more; we have a state of barbarism. But we are organizing; we are growing; we will be stronger next year."

Mr Thompson brought a message from five distinguished scientists at the Massachusetts Institute of Technology calling on Europe to lead the way to nuclear disarmament.

Other speakers included Mr Gwynfor Evans, President of Plaid Cymru, Mr David Alton, Liberal MP for Liverpool, Edge Hill, and Miss Susan Yark, the actress.

A group of Buddhist monks who took part in the march brought Lord Noel-Baker, the former Labour minister, to the front of the crowd in a wheelchair.

Traffic came to a standstill as the thousands crowded into Trafalgar Square and spilled into neighbouring streets. Four hours before the start of the march people were still arriving in Trafalgar Square to hear the end of the speech.

Although the demonstration was predominantly peaceful police made 12 arrests for what they said were a variety of offences. They sealed off Whitehall and brought in mounted police to clear a group of lorry drivers who tried to get into the square.

Scotland Yard last night estimated that 49,500 people had attended the rally.

Minister Bruce Kent, general secretary of CND, said he was delighted with the number of people present.

Foot pledge, page 2

Troops stand by as Mr Whitelaw studies jail options

By Peter Evans
and Henry Stanhope

A last-minute attempt to call a truce in the dispute over prison officers' pay for meal breaks, failed at the weekend.

Today, the Home Secretary, Mr. James Callaghan, told the House of Commons that the Home Secretary, will tell Parliament of his contingency plans.

The Army has been looking at ways in which it can help the police, including possibly running a new prison, not yet opened, at Frankland, Durham, and whether military camp prisoners be used to house prisoners in overcrowded cells at a police station, and courts.

It is believed that the 1st Battalion, The Gordon Highlanders, in Edinburgh would be the first troops to be moved in.

Mr. Callaghan said he was saying only: "The Army has not yet been asked to provide assistance, however, the ministry is keeping in touch with the situation."

Whitehall's options include the Emergency Powers Act, 1964, and the Emergency Powers Act, 1920. It is possible that the Home Secretary will have to go to Parliament to seek new powers, or necessarily under those two Acts.

One way out of the dispute could be found by the reconvening of that part of the May Committee which examined the prison officers' pay dispute.

Mr. Whitelaw has ruled out arbitration, which the prison officers want, saying that the May Committee has already decided against the claim for meal breaks.

The officers believe the meaning of the paragraph in question is open to a different interpretation. Argument about it has led to the present dispute. It seems that if the May Committee were recalled, there would be a good chance that the prison officers would win.

Mr. Callaghan said that during its deliberations, though that decision would have to be taken by a delegate conference. The officers have already said they would stand by arbitration findings.

Mr. Callaghan's inquiry was not proper arbitration because they save their evidence and

in the light of that the Home Office presented its case without giving the officers a proper right of reply.

The Home Office is adhering firmly to the Home Secretary's ruling that he cannot look back, but he must stand by what he sees the solution in a new streamlined duty scheme now in preparation which will avoid the ambiguities which have bedevilled the process of settlement.

But since the dispute has been caused over claims for payments for meal breaks when duties have had to be extended.

So far the prison governors have been one of the confidants but before the main inquiry was set up they issued the following warning in what was then less of a potential crisis than the prisons are facing now.

They said that if the Government avoided loss of life during serious disturbances, but if the present trend continues there will be a serious loss of control, which has to be met by the use of force and by another service. In such circumstances there is a probability of both staff and prisoners being killed."

There is a strong opinion among the officers that the dispute has become a battle which the Government feels it has to win. Mr. Whitelaw has said that even if there were an arbitration in the officers' favour, there is no money to pay.

Handling prisoners is not something the Army has been keen to do and troops have received no training for that.

Many prisoners require special consideration because of psychiatric disorders, others are skilled at manipulation. Prison officers are trained to deal with threatened aggression and incidents which suddenly explode into violence.

The preferred role for troops is the guarding of perimeters and administration. But if the police could not cope with any disorder the Army would have to move in. Soldiers are expected to carry firearms for the jobs they would be likely to do.

Continued on page 2, col 2

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Soviet gunships raid camps in Pakistan

Islamabad, Oct. 26.—Soviet-built helicopter gunships killed three Afghan refugees and wounded seven on Friday when they strafed two tented refugee camps run by the United Nations in Pakistan, UN officials said today.

They said six Mi-24 gunships hit the outlying tents of a refugee encampment at Gud Ayn Wala about five miles from the border before flying further inland and striking another group at Khar Gamar, 11 miles from the frontier.

It was the third attack by Soviet helicopters on Pakistan in a month and it was their deepest penetration of Pakistani territory. During the first attack on September 26 on the Chakrali border post, north of the Khyber Pakhtunkhwa-Pakistan frontier, guards were killed and one wounded. A helicopter was shot down.

The strafing on Friday was similar to the previous attacks and involved a flight of six of the gunships, the most modern combat helicopter in Soviet service. In Afghanistan they are used down by Soviets as well.

Mr Roman Kohaut, chief representative of the United Nations High Commission for Refugees (UNHCR) in Pakistan, said he would quickly hold a meeting with Soviet and Afghan leaders in Islamabad to protest and explain the agency's problems in moving the refugees away from the frontier.

He said that both the commission and the Pakistan Government had been trying to get the refugees to the frontier, but in north Waziristan where the latest attacks took place, as in other parts of Pakistan's North West Frontier province, there is insufficient land for them. There are an estimated 200,000 Afghan refugees in north Waziristan.

—Reuter.

Battle of the Sabbath on the road to Ramot

From Christopher Walker
Jerusalem, Oct. 25
The ultra-orthodox Gush Etzion hillside, the fiercely orthodox Ramat, with a long, black coat and large fur hat was hurling abuse at the tough-looking Israeli reserve paratrooper confronting him as he crossed the road.

"You are not a real Jew," screamed the zealot, "your mother was not a Jew and neither was your grandmother."

Nearly, stones thrown by an ultra orthodox Jew were thumping regularly on cars being driven to avoid from the each one passed—often driven by ultra orthodox Jews—and children crouched in the back—the orthodox Jews would gesticulate and shout the menacing word "Shabbas" which indicates Sabbath breaking.

The confrontation, which took place yesterday, shows that the deep split between religious and secular Jews has erupted into a bitter warfare after lying dormant for nearly 20 years. Before the sun went down, the non-orthodox Jews had begun a counterattack. They vowed a bloody revenge next weekend and threatened to burn the cars if the refusal of the ultra orthodox to permit the 12,000 residents of Ramat to use the main roads to their homes for the 24 hours of the Jewish Sabbath. The roads were to become a symbol of the increasing division in Israeli society.

A year ago, the regular street battles ceased after a compromise with the Jerusalem Municipality had agreed to build 3,000 by-pass roads to avoid cars from the religious houses near the road. However the Ramat residents are now refusing to use the new road and insist on sticking to the main highway.

"This is a religious principle," one ultra orthodox said.

"Our taxes went into this road and we are not going to be driven off it," said Mr Yehudon Yalon, chairman of the Ramat Neighbourhood Council. "The road is too narrow, dangerous, and not what we were promised."

led by Giora Baidai, the reserve paratrooper commander. "A year ago my car was hit by a rocket and my wife and baby were nearly killed. For that reason, I come back every Sabbath to help the other cars get through."

There is growing crowding of secular Israelis in the stories to tell. Their hatred for the leaders of the ultra orthodox community was undisguised. "Although the Ramet road is the present focal point of their anger, the ultra orthodox society has erupted before over such issues as the opening of Jerusalem's first mixed swimming pool and efforts (so far unsuccessful) to build the city a new stadium."

"The trouble is that these religious madmen have political influence. The authorities seem afraid to stand up to them when they break the laws of the state they refuse to recognize," one of the secularists said as the stones continued to be thrown from the Sabbath observers.

Art vandalized

Zurich, Oct. 26.—Two Chagall windows of the Frauenmünster church, damaged by vandals, would be repaired, the pastor said.

180,000 youngsters to get job training

nald Macmillan said that the number of unemployed people on the Youth Training Programme (YOP) one time would increase just over 100,000 to be 160,000 and 180,000 under initial plans drawn up by the Manpower Services Commission.

The expanded scheme, which has a gross annual cost of £5m, if accepted, forms part of the programme that Mr. Peter Selous, Secretary of State for Employment, is expected to announce in the next few weeks.

The effect of unemployment on the Government's expansion would make it difficult to estimate, but Mr. Selous said that young people would be sent to school next summer, to

gether with those leaving at Easter, would all have the chance of a place on the programme by the end of next year.

The details, which have come to light in an internal MSC paper prepared last month by Mr. Geoffrey Holland, director of the commission's special programme, have been discussed with the commission's members and with ministers.

If the scheme is carried out, a person who has been unemployed three months after entering the register, would be offered a suitable opportunity on a youth training or work experience programme or given a course within the next three months.

Continued on page 2, col 5

World aviation industry faces its worst year

By Arthur Reed
Air Correspondent

This year is expected in economic terms to be the bleakest in international aviation history, according to Mr. Kurt Hammarström, director general of the International Air Transport Association, in his report on the state of the air transport industry, which will be presented to the annual assembly of the association in Montreal today.

The industry in 1980 experienced the coinciding impact of recession, inflation, soaring fuel costs, and a market distorted by erratic currency developments and the uncertainty of regulatory policies, the report said.

There was also the fundamental question of whether, under this cost onslaught, aviation technology could produce a breakthrough to lower cost

levels throughout were seriously threatened by the demand for IATA airfares were aiming on average for a 13 per cent return on investment during 1979. They managed 2.1 per cent before paying interest charges, according to the report.

After interest, their return was minus 1.5 per cent on investment and minus 1 per cent of revenue. On the North Atlantic, where passenger traffic grew by 16 per cent and total revenues by 27 per cent, the airlines needed a moderate capacity increase of 8 per cent; the airlines needed another £330m in revenue to reach the required return.

The economic pattern makes airline pricing difficult, says Mr Hammar skjöld. "It is a serious crisis for the industry. It is grossly estimated that it is almost 1,600m short of a level of earnings that would put it on a financially competitive footing in the capital market."

"The unrelenting escalation of costs outside airline control poses enormous problems for airline managements as they strive to keep the real price of airfares from falling too far—and indeed to bring it lower in response to government and consumer pressures".

Mr Hammar skjöld described the North Atlantic routes as "financially ruinous", with airlines losing an average of 15 per cent in revenues on average to attain their targets.

Financial results generally in the current year would be even worse than in 1978. Based on information at the end of August, scheduled services were losing around 4 per cent on their operating revenues after paying interest charges.

Mr Hammar skjöld was also highly critical of increases in

Ill 'Sunday mes' nt run

Sunday Times yesterday had full production of more than 15 million copies offered no industrial dispute after union pledges no strike with publication in riot to next March when newspaper, with The Times supplements, will cease to be owned by the Thomson Corporation.

Dugal Nisbet-Smith, managing director of Times Newspapers, said it was "quite possible" for the paper to have full production run without a 72-page paper interrupted production with a 72-page had been cut on about 10 occasions," he said.

West Germany to compromise on EEC steel quotas

The basis of a compromise agreement, acceptable to the West German Government, to impose production quotas on European steelmakers appears to have been reached. The Germans had objected to such controls, agreed by the other eight EEC member states, and insisted that special steels be excluded, despite strong opposition from the United Kingdom. The compromise solution, which includes special steels in the proposed quota system, awaits approval at a further meeting between the Commission and steel industry representatives tomorrow. Page 17

Dezful attacked at dawn

Iran accused Iraq of deliberately ranging Soviet-made, ground-to-ground missiles on civilian targets. The desert city of Dezful was bombarded at dawn yesterday and 100 citizens died, Tehran radio said. There were aerial battles over the oil-refinery city of Abadan, where the Iranians appeared to be holding out. Page 4

14 hitch-hikers wounded

Fifteen people were injured in the worst series of Palestinian terrorist attacks for months in Israel or the occupied territories. In the most serious incident, a bomb exploded at an army hitch-hiking post, wounding 14 people. Observers believe the attacks may be an attempt to direct attention away from the Gulf war and back to the Palestinian issue. Page 5

Cunard seamen supported


The Transport and General Workers' Union declared its support last night for the seamen's union which is in dispute with the Cunard Line over its decision to transfer some of its ships to flag of convenience. The NUS claimed that the Edward Princess, now under the Bahaman flag, constituted "a marine hazard". Page 2

Centenario dies

De Janeiro, Oct. 26.—Dr. **Antônio Carlos** has died aged 74. The exiled Portuguese Prime Minister was ousted in 1974.

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HOME NEWS

Foot pledge to banish cruise missiles if he comes to power

By Michael Hatfield

Mr Michael Foot, a contender for the Labour Party leadership, yesterday raised the temperature in the party over nuclear disarmament by saying he was bitterly opposed to the stationing of cruise missiles in Britain and that if he were ever Prime Minister he would "send them back".

He also made it clear on Wednesday that the Labour Party was backing decisions at the party conference, although the world need not only unilateral but multinational disarmament.

Mr Foot, in opposing the stationing of cruise missiles, and also the Trident programme, was backing decisions at the party conference, although the world need not only unilateral but multinational disarmament.

Other shadow ministers were in no doubt last night that Mr Foot was maintaining his unilateralist views. Colleagues of Mr William Rodgers, opposition spokesman on defence, said that if Mr Foot became leader he would have to dismiss Mr Rodgers.

It was said that the Shadow Cabinet view was that Britain should maintain its unilateral weapons as a bargaining counter against the Russian SS 20 missiles. Mr Foot was opposing Shadow Cabinet policy.

In brief

Mr Zamir given a reprieve

The deportation of Mr Mohammed Zamir, a Pakistani living in Birmingham, has been deferred after representations to the Home Office from an MP and the European Commission of Human Rights. The Law Lords directed in July that he should be sent back to Pakistan.

Mr Timothy Raison, Minister of State at the Home Office, has agreed to see Mrs Sheila Wright, MP for Birmingham, Handsworth, this week to discuss the matter.

Groom charged

Frederick Austin Spademan, aged 22, a groom, of Heathfield Drive, Grantham, Lincolnshire, on Saturday was remanded in custody until today by Grantham magistrates charged with murdering Mrs Susan Portus, aged 72, a widow, who lived in a cottage in the grounds of Belton House, near Grantham, the home of Lord and Lady Brownlow.

Two die in fire

Mr Maurice Carroll, aged 63, and his grandson, also named Maurice Carroll, aged 21, died in a fire at their home in Northamptonshire. Mrs Elizabeth Carroll, aged 61, was seriously ill in hospital.

Climbers rescued

Three young men, Robert Schilt, aged 26, Christopher Taylor, aged 27, and Jonathan Pragnell, aged 19, all from Brighton, were rescued yesterday after one of them slipped on the cliff face while climbing 250ft up in the Cheddar Gorge, Somerset.

'Legion' death

A woman aged 55 suffering from legionnaires' disease died in University Hospital, in Cardiff, early on Saturday morning. The woman, who was not named, lived in Cardiff and was the second person with the disease to die in the hospital.

Family missing

Police were yesterday investigating the disappearance of Mr Raymond Green, aged 43, his wife Pamela, aged 42, and their son Martin, aged 10, whose weekend holiday was found at the foot of a 130 ft cliff at Southend-on-Sea, near Bridgend, Glamorgan.

Potholer dies in fall

Miss Tracy Gibson, aged 18, a student at Salford University, whose home was in Burgess Hill, West Sussex, was killed yesterday in a fall while potholing at Bull Pot Farm, near Kirkby Lonsdale, Cumbria.

Dead boy was stabbed

Steven Edmondston, aged nine, of Millwards, Harlow, Essex, who was found dead in a ditch on Saturday, died from multiple injuries including a stab wound, a post-mortem examination showed yesterday.

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Support from TGWU for Cunard seamen

By David Felton

The dispute over the Cunard Line's decision to transfer some of its ships to flags of convenience could spread after a declaration of support last night for the seamen's union from the Transport and General Workers' Union.

A meeting of the National Union of Seamen's executive this morning is to decide whether Mr James Slater, the general secretary, should meet Lord Matthews, chairman of Cunard, later today.

A NUS statement last night claimed that the Cunard Princess, one of the ships involved, which has sailed from San Juan, Puerto Rico, under the Bahamian flag, and with a crew of mixed nationalities, "now constitutes a marine hazard".

The union said that the crew, who are mainly Chinese, French and Swiss, were not conversant with some safety regulations and that the ship was unsafe in emergencies because of language barriers. "No seagoing vessels, particularly passenger ships, should be prepared to sail in such conditions", the statement said.

Support for the NUS came from Mr Alexander Kitson, deputy general secretary of the TGWU, who said in a letter to the union that Lord Matthews' plan to sell the Queen Elizabeth 2 and other Cunard liners was "yet another example of bully-boy management within the Trafalgar House group".

Mr Kitson's letter continued: "The plan to employ cheaper crews under flags of convenience can only lead to an erosion of levels of pay, conditions of employment, trade union rights and safety standards on a wider basis".

The dispute between the NUS and Cunard arose over the company's plan to transfer the Cunard Princess and the Cunard Countess to flags of convenience in order to take advantage of cheaper labour costs.

The Cunard Countess was last night still trapped in Barbados, where NUS members are occupying the ship. The union yesterday also received a message of support from NUS members on board the QE2, who were previously thought to be opposed to the union's action.

The NUS has called a strike of all its members on Cunard's cargo and passenger vessels once they reach United Kingdom ports and is to hold meetings to discuss a proposed national seamen's strike on November 3.

From the grassroots: MP's surgery hears opposition to new students' hostel

By Ian Bradley

The electors of Bristol, West, are a brassy bunch. They include a high proportion of the city's intellectuals and professionals and are prone to come along to the fortnightly surgeries held by their Conservative MP, Mr William Waldegrave, to discuss monetary and the Brandt report.

It is perhaps just as well that Mr Waldegrave is a fellow of All Souls and a former member of the Government's "think tank".

Over the weekend, however, he was brought firmly down to earth with a visit to a sewage sludge recycling plant and a series of meetings about a proposal by the university to build a hostel for 72 students on a wooded site in Clifton.

A day spent with Mr Waldegrave in his constituency, which stretches from the city centre through the Clifton and the suburbs of Redland and Bishopston, leaves the impression that for the inhabitants of that part of Bristol at least, local environmental and social questions are more important than the state of the national economy.

The city as a whole is weathering the recession better than other places of comparable size and unemployment is below the national average.

Saturday morning's surgery, held in the cavernous upstairs of a Conservative Club, attracted only three callers. The first was the leader of the local Cypriot community, who had come to protest about a Home Office deportation decision.

Bristol has nearly 4,000 Cypriots, many of whom live in Mr Waldegrave's constituency together with Polish, Indian and Pakistani communities. Bristol West also includes part of the predominantly West Indian St Paul's area.

The second visitor to the surgery was a young woman severely disabled by allergies who is seeking to be rehoused by the city council. Then came a delegation from the Bristol Visual and Environmental Group complaining that spending cuts by the housing corporation were jeopardizing row schemes to renovate rows of old

and historically significant houses in the city centre.

The delegation also raised the matter of the proposed new student residences which the university wants to build on the edge of the Gardens of Goldney House, a property it owns. The city council, which would prefer students to be housed in renovated properties in the city centre, has rejected the university's application for planning permission.

The issue poses a difficulty to Mr Waldegrave. The university is in his constituency and he is subjected to some discreet lobbying in favour of the development over lunch on Saturday by Sir Alec Morrison, the vice-chancellor, and Mr Douglas Cannon, the director of administration.

He was also left in no doubt as to the strength of local opposition to the scheme. The Bristol Environmental Group are worried that it would destroy the pre-1914 landscape of Clifton Hill. Mr Michael Morgan, of the Clifton and Howells Improvement Society, called on Mr Waldegrave on Saturday to represent his mem-

bers' view that the development was "cheap and nasty".

Mr Waldegrave has admitted: "My party workers do not like it because they think all the students will vote Liberal".

After that it must have come as something of a relief to him to visit the Wessex Water Authority's sewage treatment works to see a small pilot plant which is producing fuel pellets and fibre for chipboard from household rubbish and treated sewage.

The plant has been devised by a small group of Bristol engineers who have sunk their capital in the recycling project and have just heard that they are to receive a grant from the European Economic Community that will enable them to move towards operating on a commercial basis.

It is the kind of optimistic self-help project that the Government wants to encourage. The European funding, particularly from the Morgan, of the Clifton and Howells Improvement Society, called on Mr Waldegrave on Saturday to represent his mem-

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Britain seen as nation of 'toothless fatties'

By Annabel Ferguson

Health Services Correspondent

Britain was becoming a nation of "toothless fatties" through eating too much processed food, a London symposium of the Vegetarian Society was told on Saturday.

Dr Alan Long, a biochemist and an adviser to the society, said the British were killing themselves by bad habits such as eating poor food and smoking "almost like a slow suicide".

Too much of the food eaten in Britain was low in fibre and high in sugar content, with the result that degenerative disorders such as heart disease were increasing and "bulky" advances gained in coping with acute infectious diseases.

He attacked supermarkets for their irresponsibility in tempting shoppers, especially children, with an array of sweets and crisps.

Sadness, he had taken a lead in promoting "a more responsible attitude". Dr Long told the meeting, which was attended by more than 300 people.

But what about branches of W. H. Smith's, the purveyor of all things, including the trade in these "nutritional" products. Would they flaunt dubious literature advocating other forms of self-abuse?

He stressed that Britons born early in the century could look forward to average lifespans of 85 "vigorous years", if only they ate properly.

"We shall not attain this performance if we spend out on a diet of high fibre in the parlour while watching our telly with refined (low fibre) offerings from the food industry's technologists", Dr Long added.

With sugary abominations low in fibre and inadequate even as "gut-fill", we set our children a dire example in priorities. As a result Britain is being lamed, not only as a nation of constipated, toothless fatties.

Dr Long said the Vegetarian Society's campaign for "real bread", launched in 1976, was gaining strength, with house-hold consumption of brown bread rising at the expense of the white loaf.

The breast-feeding campaigns for rendering babies the kindness of human milk, the increased cultivation of allotments, and the campaigns for "thrashed" wheat, all suggest an increasing appreciation of the merits of real food.

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Britain seen as nation of 'toothless fatties'

By Annabel Ferguson

Health Services Correspondent

Britain was becoming a nation of "toothless fatties" through eating too much processed food, a London symposium of the Vegetarian Society was told on Saturday.

Dr Alan Long, a biochemist and an adviser to the society, said the British were killing themselves by bad habits such as eating poor food and smoking "almost like a slow suicide".

Too much of the food eaten in Britain was low in fibre and high in sugar content, with the result that degenerative disorders such as heart disease were increasing and "bulky" advances gained in coping with acute infectious diseases.

He attacked supermarkets for their irresponsibility in tempting shoppers, especially children, with an array of sweets and crisps.

Sadness, he had taken a lead in promoting "a more responsible attitude". Dr Long told the meeting, which was attended by more than 300 people.

But what about branches of W. H. Smith's, the purveyor of all things, including the trade in these "nutritional" products. Would they flaunt dubious literature advocating other forms of self-abuse?

He stressed that Britons born early in the century could look forward to average lifespans of 85 "vigorous years", if only they ate properly.

"We shall not attain this performance if we spend out on a diet of high fibre in the parlour while watching our telly with refined (low fibre) offerings from the food industry's technologists", Dr Long added.

With sugary abominations low in fibre and inadequate even as "gut-fill", we set our children a dire example in priorities. As a result Britain is being lamed, not only as a nation of constipated, toothless fatties.

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Maze men set on hunger strike

By Christopher Thomas

Attempts by Roman Catholic church leaders, the Provisional IRA hierarchy and politicians of many shades last night failed to change the minds of the men in the Maze prison, near Belfast, who are due to begin a hunger strike this morning.

Seven prisoners will embark on the action. It is the most ominous development in the province for a long time and bodes ill for the continuation of the steady decline in tension.

However, the threatened action has not been accompanied by any great increase in IRA activity: there were a few bombs in the west of Belfast, but nothing out of the ordinary.

The Government has committed itself almost certainly beyond recall to resist the prisoners' primary demand of political status. However, after the abolition of prison clothing concessions may be in the offing.

There were suggestions yesterday that woman republican prisoners at the Armagh jail may also embark on a hunger strike. The situation is enormously volatile and rumour and fact were becoming at times almost inseparable.

Cardinal Tomás O Fiach, Roman Catholic Primate of All Ireland, made further attempts over the weekend to dissuade the men from their action.

In principle the IRA leadership does not support the strike because it does not regard the prospects of success as high, and recognizes the inherent danger of an increase in

sectarian tension. Increased inter-community violence does not form part of the IRA's campaign strategy.

The strike has become an important political issue in the Irish Republic in the run-up to a by-election in Donegal next month, which will be a sort of test of the popularity of Mr

Charles Haughey, the Prime Minister.

Protest meetings in support of the hunger strikers have been planned throughout the republic as well as in Northern Ireland. A march was held in Belfast yesterday and more rallies and demonstrations have been organized.



A BBC "Newsnight" photograph of prisoners in the Maze for a programme tonight.

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Mr Scargill attacks NUM leader

By Our Labour Staff

Mr Arthur Scargill, the left-wing leader of the Yorkshire miners, yesterday opened the battle of words with the moderates in the National Union of Mineworkers by attacking Mr Joseph Gormley, the union's president.

He said the union's national leadership should stop "compromising and apologizing" and start fighting the battle for the membership in the miners' 35 per cent pay claim.

The National Coal Board has indicated that a 9.5 per cent increase is the most the industry can afford.

The board have told us nothing new and have merely reiterated the familiar old story which they have been giving us for the past 10 years", he said.

The highest sale price was 250,000 francs (23,810) for a Sharaku portrait of an actor, "Segawa Tomisaburo II", on a mica ground. It was a last minute addition to the sale and no estimate was published.

Bokusei's "Red Fuji", from his famous series of views of the mountain, made 220,000 francs (estimate 80,000 to 150,000 francs), or 20,952; a miniature print of a scholar, "The Couteur", made 190,000 francs (estimate 40,000 to 150,000 francs), or 18,095 and a triptych of a party in a tea-house, dating from about 1790 by Kiyonaga, was sold for 350,000 francs (estimate 50,000 to 70,000 francs), or 16,150. Gold snuffboxes were changing hands at remarkable prices on both sides of the Atlantic on Friday.

In a Corsette de Saint-Cyr sale in Paris a gold and enamel box of 1774 by Jean Joseph Barriere made 375,000 francs (estimate 150,000 francs) or 35,714. A carouche in the lid enclosed a portrait of Marie-Antoine, and her mother and father are in the side panels.

In New York gold boxes were the highlights of a Sotheby's auction which totalled \$354,695, with 6 per cent unsold. A London dealer paid the highest price of \$44,000 (estimate \$40,000 to \$50,000), or 21,786, for a gold and mother-of-pearl box of 1742 with a delicate gouache portrait of a gentleman inside the lid.

An investigation will be held to discover if other prisoners have been on "the town". A Home Office official said: "We are attempting to find out if this is more widespread and the prison governor is looking at security arrangements".

The prisoner was one of several who are considered "low risk" and work in the kitchens. They sleep in a dormitory which is near the main entrance and is not surrounded by a high wall.

Since the prisoner was discovered, all others in the dormitory have been moved to a more secure part of the prison. The Brixton holds more than 1,000 prisoners, of whom more than three quarters are on remand, with many of the rest serving sentences of less than 18 months.

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HOME NEWS

Mr Rippon says land Bill is threat to local councils' freedom

Mr Christopher Warrington, Conservative Government spokesman, said today that the Government's proposals for a new Land Bill would be a threat to local councils' freedom.

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Plaid fears policy takeover by left wing

From Tim Jones

Plaid Cymru members are bracing themselves for a dispute within the party in the coming months after the election at the annual conference of left-wing candidates to three key party posts.

Party moderates fear the success will be used as a springboard for controlling policy in a "greater democracy" tangle of the type that has split the Labour Party.

At present, one left-wing member complained, policy decisions are made virtually on the basis of a telephone call to members of the national executive.

Unlike the Labour Party, the conference presented a united front to the world, but behind the scenes the manoeuvring and arguments raged into Saturday night.

Essentially the left-wing plan is to emasculate the party's national executive by making it merely the vehicle for implementing policy decisions taken by the 72-member national council, which is made up of 36 delegates from each of the 36 parliamentary constituencies.

The left is confident that its activists could secure a comfortable permanent majority on that body. It showed its strength when it gave Mr Dafydd Elis Thomas, MP for Merioneth, a comfortable victory in the battle for the party's vice-presidency.

Mr Thomas said afterwards that he was for militant action over housing and unemployment and favoured an alliance of the left in Wales to "resist and bring down the Government."

Mr Thomas knows the party must win a seat in the industrial South if it is to move with any hope at all towards its ultimate goal of a self-governing Wales. That is why both wings of the party are agreed on the need for a militant campaign on jobs.

They will draw on the success of the television campaign which forced the Government into its first demonstrable U-turn, and encourage factory occupations and strikes.

During that campaign there will be little activity on the language question, as the party is seeking to shake off its image of being irrelevant only to the Welsh-speaking rural areas.

Usually the vice-president is virtually guaranteed elevation to the presidency, but even with a powerful left-wing some party leaders believe Mr Thomas would need to moderate some of his policies to ensure his promotion.

Mr Gwynfor Evans, who will relinquish the presidency next year, devoted much of his speech to the horrors of nuclear war, and made the curious suggestion that the British establishment for questioning, during his Strasbourg speech, NATO's limited nuclear war theory.

15.6m estimated cost of housing homeless

Our Local Government spokesman said today that the provision of accommodation for homeless people by local authorities, required under the Housing (Homeless Persons) Act, would cost the local government in the first of the Act's operation, 1979, a report by the Chartered Institute of Public Finance Accountants shows today.

The report, which contains first published figures on the cost of implementing the Act, indicates clearly that homelessness is worse in the cities than elsewhere. In London 31 homeless people per 1,000 population housed under the Act, compared with 1.1 elsewhere.

In London the cost of housing a homeless person is estimated at £15.6m, compared with £2.8m elsewhere. The report states that 129,700 households applied for accommodation under the Act, of which 53,700 were accepted. This discrepancy almost certainly reflects the rather loose definition of homelessness used by local authorities, rather than the number of applications which are rejected.

Homelessness Statistics 1978/79 (CIPFA, 1, Buckington Place, London, SW1E 6BS, £5.00).

idence of passport checks on blacks by employers to be raised with Government

Mr Ian Martin, general secretary of the Joint Council for the Welfare of Immigrants, has written to Mr Eric Deakin, Labour MP for Waltham Forest, Walthamstow, to ask him to pursue the matter with the Home Secretary.

After three workplace raids in London earlier this year in a search for illegal immigrants, the Home Secretary said: "No one who is lawfully in this country must feel he has any need to carry his passport with him when going to his place of employment."

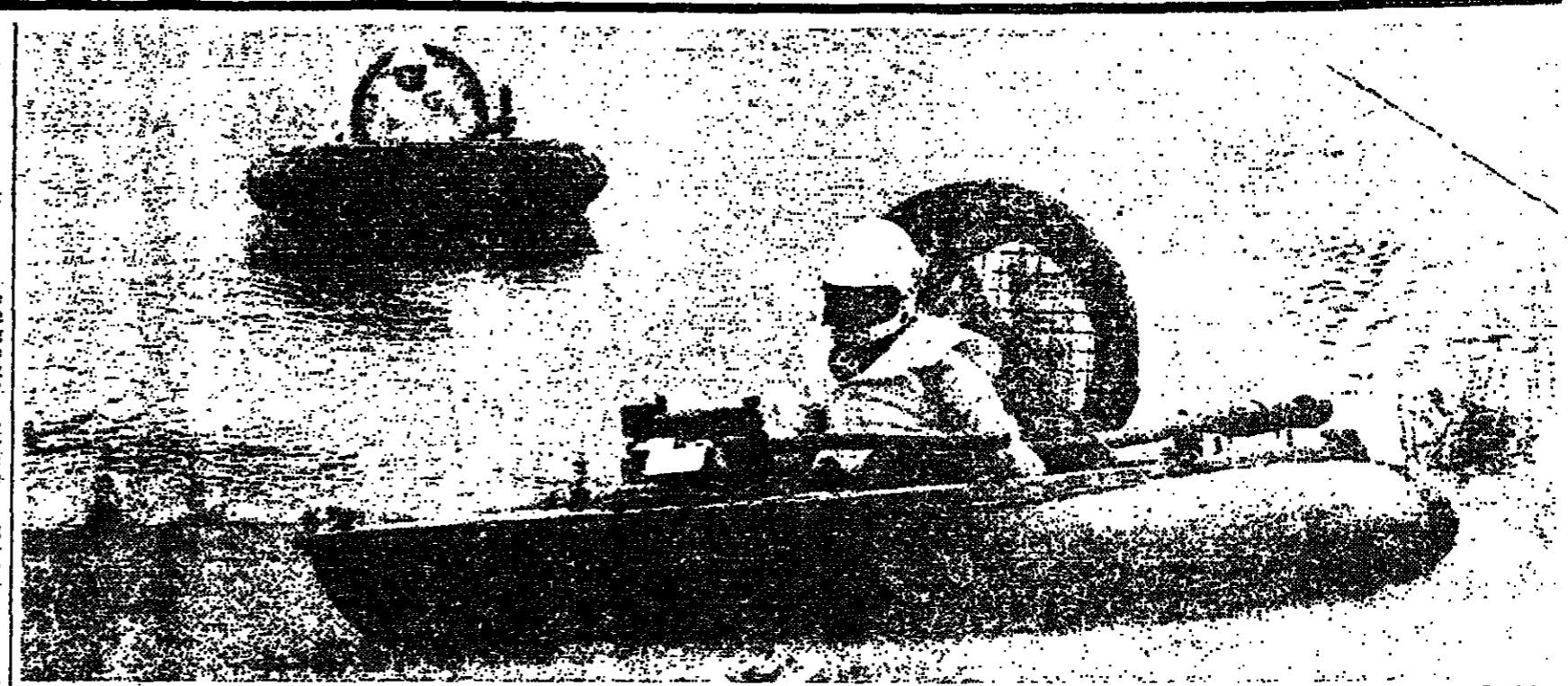
Mr Martin said the Home Secretary's statement was a "fact of life" and that the new evidence would greatly increase the pressure on Mr William Whitelaw, the Home Secretary, to meet a delegation of black organisations.

Mr Kadri called on the Home Secretary to issue guidelines on the precise definition of an illegal immigrant and on when the police, or any authority, was entitled to demand passports.

Church must remove electronic organ

A £700 electronic organ, was brought into a tiny church to replace a 100-year-old harmonium. The court has ruled that the organ must be removed, as it is a nuisance to the surrounding area.

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Hovercraft built by the competitors taking part in the BP youth championships at Pendigo Lake, Birmingham.

Fate of Civil Service Department in balance

By Peter Hennessy

The Prime Minister will be presented at the end of this week with the advice of a small steering group of permanent secretaries on whether the Civil Service Department (CSD) should be reorganised with the Treasury and the Home Office, or remain an independent ministry.

The permanent secretaries are due to have a final meeting in the next few days to consider the options open to Mrs Margaret Thatcher, outlined in a study prepared by Mr Michael Hawton, of the Treasury, and Mr Julian Moore, from the CSD.

The indications are that the permanent secretaries' group, which the exception of Sir Ian Gamm, head of the Home Office Civil Service, who has put up a vigorous fight to save the department, will reinforce the Prime Minister's personal inclination to dismantle the CSD, ending its 25-year life.

On Wednesday afternoon the Commons Select Committee on the Treasury and the Civil Service, will question a highly influential member of the group advising the Prime Minister in the person of Sir Derek Rayner, joint managing director of Marks and Spencer, and Mrs Thatcher's confidant on the elimination of waste.

In a note prepared for the committee, Sir Derek says: "My conclusion is that the right way to make the centre a robust instrument of management is to unify the Treasury and the CSD. That would bring together under one ministerial head the centre's functions with regard to economic and effective planning and management of manpower and money, while preserving the essential link between macro-economic management and the handling of public expenditure as one element within it."

The select committee, which is divided at least four ways on the CSD's future, seems unlikely to report before the end of November. In addition to Sir Derek, it is to question Mr William Kendall, secretary-general of the Council of Civil Service Unions. There have been suggestions that it may also wish to call the Prime Minister and Lord Soames, Lord President of the Council and minister in day-to-day charge of the Civil Service.

His appearance at the all-party select committee will be an important occasion for Sir Derek, who is very keen to enlist its support for his efforts to streamline the Whitehall machine, of which reorganizing the Treasury and the CSD is only a part. He and his small Cabinet Office team have achieved much with the unequivocal support of the Prime Minister, but there are pockets of resistance still to be overcome inside departments.

The MPs, for their part, may be keen to question Sir Derek on how long he intends to continue his part-time mission in Whitehall, and upon the kind of organization he and the Prime Minister might wish to sustain his efficiency drive.

Sir Derek's work was discussed at the annual permanent secretaries' conference in the Civil Service College, Sandringham, Norfolk, at the weekend. It featured during discussion among the 40 Whitehall heads of department of a paper entitled *Managing the Civil Service in the 1980s*, presented by Sir John Herbet, Second Permanent Secretary to the CSD.

Sir Derek still enjoys a high reputation among the bulk of permanent secretaries, who approve of his strategy of using middle ranking officials with direct knowledge of the Civil Service machine to streamline government.

In contrast with recent years, the permanent secretaries avoided plumping the depots of pessimism. "I do not think it was all gloom and doom this time. Rather the mood was realistic," one participant commented.

The permanent secretaries also listened to presentations on economic policy from Sir Douglas, and on foreign policy from Sir Edward Youde, deputy Secretary at the Foreign and Commonwealth Office.

Last act for Archers' matriarch

By a Staff Reporter

More than a million listeners will hear tonight the era of "Doris Archer", matriarch of Britain's most famous radio series, brought to an end. Appropriately, she is to "die" at Brookfield, the farm where she and her husband, Dan, spent most of their married life before handing over to Philip, their oldest surviving son.

While Doris Archer is being given tea by her daughter-in-law, Jill, Dan and Philip will be at evening service. Her granddaughter, Sheila, will find her grandmother dead in an armchair shortly after 7.15 as another episode of the 30-year-old series draws to a close.

Doris is being killed by the scriptwriters because Gwen Berryman, aged 75, the actress who has played the part from the beginning, is no longer well enough to take part. She has suffered from arthritis and earlier this year went into a nursing home in Torquay after suffering a stroke.

Edgar Harrison, the third Dan Archer, said yesterday: "Gwen Berryman was Doris Archer. She really made the part her own."

He added on the BBC radio programme, *The World This Week*, that he did not think Dan Archer would remarry.

In the script Dan Archer has recently celebrated his eighty-fourth birthday but Miss Berryman was too unwell to take part. She was last heard in the programme in May, when Carole Tregorran, a local market gardener first introduced to the village of Ambleside by Dan Archer, had suffered a disaster with her tomato crop.

The main focus of *The Archers* will skip a generation to focus on Mrs Archer's grandson, Tony, who has suffered his share of disasters. He has recently recovered from an almost fatal attack of tetanus.

Doris Archer has usually proved a source of kindly common sense in helping her children and her grandchildren to overcome such setbacks, as well as being a source of comfort to those outside the *Archers* clan.

The village of Ambleside will suffer a severe shock by her death. The "funeral" will be on Friday.

Firm challenges council's right to hold market

From Our Correspondent

Peterborough

A firm of market operators is challenging the South Holland district council over the right to hold a weekly street market at Crowland, near Spalding, Lincolnshire.

Bisby Properties, which trades under the name of Victoria Markets, is seeking a High Court injunction to restrain the authority from holding the market on the ground that it has acquired the franchise from the lord of the manor.

The street market at Crowland was originally held under the terms of a royal charter granted in the twelfth century. It has not been held in recent years. It was restarted last April for a trial period of six months after 1,000 people petitioned for a revival.

The lord of the manor is Dr Dennis Teall, headmaster of a private school at Stamford, Lincolnshire. He took the case to court last year, but it was previously held by his mother, Mrs Agnes Teall.

Mr Michael Farrow, managing director of Bisby Properties, of Staverton, near Daventry, Northamptonshire, said: "We have the lease of the market rights from Dr Teall. The local council was collecting the tolls on the wrong day. It is holding the market on a Friday when it should be on a Wednesday."

Mr James Brindley, chief executive of South Holland district council, said: "A market has been operating in Crowland for a prolonged period going back to the 1850s, but always organized by the council."

The council would continue to operate a market in the meantime.

College head will fight for medical school

By Our Health Services Correspondent

Sir Neil Cameron, former Chief of the Defence Staff and now principal of King's College London, is to launch a fight this week to save his college's preclinical medical course from closure.

In future and that of London's 12 medical schools, which have been in the melting pot since the publication of the Flowers report last February, are to be decided at a meeting of London University's Senate on Wednesday and of the university's joint planning committee, which recommended closure.

"Our pitch is going to be threefold: we are a centre of excellence with a powerful academic record, we are thoroughly cost effective, and we can offer students the benefit of multi-faculty education."

Students from the King's courses go on to do their clinical studies at the Westminster and King's College Hospital medical schools. Both of those came in the top three in a recent table showing what percentage of students passed their final examinations at the first attempt.

The costs of educating a medical student at King's College and King's College Hospital Medical School averages out at £2,791 a year, which is the lowest of all twelve London schools.

Inquiry call into alleged sale of blood

An immediate government inquiry into claims that blood given by donors was being sold abroad was demanded yesterday by Mr Roland Moyle, opposition frontbench spokesman on health.

He is pressing for an immediate inquiry into the sale of blood abroad on a commercial basis, and is to urge ministers to act after claims that donated blood is among consignments sold to a foreign company through a hospital in London.

Most of the donors would be absolutely outraged to think that money was being made out of their donations. It is totally wrong in principle," he said.

"Most people who give their blood in this way would be sure to prefer it to be used to save life directly in this country. The idea of selling it is quite appalling and it needs looking into."

Doctors' delegation to see BBC on brain death film

By Our Health Services Correspondent

Sir Ian Trethowan, director-general of the BBC, is to meet representatives of the medical profession today to discuss the controversial *Panorama* programme on brain death.

The programme, broadcast on October 13, suggested that the criteria used in Britain for determining when someone was dead were too lax.

Sir Ian is to meet a delegation headed by Lord Smith of Marlow, chairman of the working party which drew up the code of practice on organ transplantation containing advice to doctors on how to decide when a patient is dead.

Other members of the delegation are Mr Anthony Grabham, chairman of the British Medical Association's council, Dr John Havard, secretary of the BMA, and Professor Desmond Pons, chairman of the conference of the royal colleges.

Algerian Earthquake



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Call to bring back planning Act powers

"The Times" recently carried a series entitled "The Disfigurement of Britain" which gave examples showing how cities, towns, villages and countryside are becoming progressively less attractive. In this interview with John Young, Sir William Whitelaw, former Under-Secretary at the Ministry of Housing and Local Government and later a Crown Commissioner, looks back on the last 35 years and assesses to what extent planners and the planning system are to blame for what has gone wrong.

The taxi from Gray's Inn Road to the Athenaeum is forced to crawl from one traffic jam to the next. Its driver blames it on commuters bringing their cars into London, but over lunch, Sir William disagrees.

"Congestion is caused by traffic generated within London itself," he maintains. "It is relatively easy to drive down Regent Street at 9 o'clock in the morning, but it is impossible at lunchtime. One of the curiosities of planning is that the facts so often contradict popular belief."

Like all good public servants, articulate but dispassionate, he believes that planners have had to take the blame for the mistakes of politicians, developers and architects. "I think one of the great triumphs of post-war planning is that it put at least a partial stop to urban sprawl. It stopped the sort of thing that was allowed to happen in the 1920s and 1930s."

He attributes its failures largely to political conflicts. The Town and Country Planning Act 1947, instigated by the late Lord Simon, introduced the idea of betterment compensation. "The taxi from Gray's Inn Road to the Athenaeum is forced to crawl from one traffic jam to the next. Its driver blames it on commuters bringing their cars into London, but over lunch, Sir William disagrees."

"But it did not work, or people said it did not work, because it was supposed to remove all incentives and so suppress development. The Conservatives regained power in 1951 development charges were abolished. But the trouble was that the planning machinery remained intact. Once the Government had decided to go for greater freedom it could and should have got rid of many of the complications. A detailed use structure was no longer necessary."

"Since then planning has just been tinkered with. Each party has tried to reverse what the other did. What we need now, and have needed for years, is an all-party investigation of what we are trying to do and why."

Sir William castigates recent government circulars calling for a speed-up of the planning process. "It has all been tried before, but as long as you leave planning in the hands of local authorities they will continue to use them. We have never got the balance right between private initiative and public control."

Planners, he feels, are often trapped between the pressures for more land to be made available and the increasing reluctance of many councils to permit further development. Housing in particular has been a subject of frustration because builders have had to fight every inch of the way, even when the land has been designated for housing use.

"Let us face it, a lot of authorities just do not like private builders. Although we have the whole apparatus of structure

WEST EUROPE



Prince Bernhard talking with Princess Anne and her husband, Captain Mark Phillips, during the Boekelo equestrian event in Holland.

Pope disappoints the remarried

From Peter Nichols
Rome, Oct. 26

The Pope was acclaimed today by thousands of pilgrims packing St Peter's Square on the morning after he had closed his international synod of bishops with a reaffirmation of the Roman Catholic Church's traditional teachings on birth control and marriage.

He looked vigorous as he drove slowly along the edge of the great crowds in his white jeep, at the end of a beatification ceremony. He was compassionate, so members of the synod said, when he came down heavily for tradition yesterday at the close of the synod.

In his summary of its deliberations, he insisted first on the need for remarried Catholics to give up sexual intercourse with their partners completely if they wished to take communion.

He may have made this his first point because a majority

of the synod was in favour of finding a way of helping Catholics whose marriages had broken down and had remarried in a civil ceremony.

The prospect he left them with was a bleak one. "The deprivation of sacramental reconciliation with God should not prevent them from persevering in prayer, penance and works of charity that they might find the grace of conversion and salvation."

On the question of birth control, which Pope Paul VI had pronounced against in his 1968 encyclical *Humanae Vitae*, the Pope said that the synod had not overlooked the grave difficulties felt by many married couples but had "openly confirmed the validity and clarity of the prophetic message, and profound meaning—pertaining to today's conditions—contained in the encyclical letter."

Summarizing what he saw to be the synod's view of woman's

place in society, the Pope said the synod spoke of woman with reverence, but it asked that woman should not be forced to engage in outside work but that she should devote herself fully to the family.

There are 43 proposals put forward by the synod and the Pope called them "a singularly precious fruit of the labours of the synod." Although they have been kept secret, they are known to contain expressions of the need for a fresh approach to the problems left by *Humanae Vitae* and a more flexible handling of such problems as those of divorced Catholics who marry again.

The Pope gave little reason to suppose that he would greatly change his outlook after reading the proposals. It has also not been satisfactorily explained why, after notable openness by the synod in giving details of its proceedings, the final propositions sent to the Pope have to be secret.

OVERSEAS

News media convinced of imminent release

From David Cross
Washington, Oct. 26

Despite intensified efforts by President Carter and his foreign policy advisers to dampen such speculation, the American news media have convinced themselves that 52 American hostages in Iran will be released in time for the presidential election on Tuesday week.

Even today's decision by the Iranian Parliament once again to postpone deliberations on the hostages' fate has failed to lower the spirits of reporters.

One reporter even went so far as to claim that Mr. Edmund Muskie, the Secretary of State, was travelling to an American military base at Wiesbaden in West Germany today to greet the hostages.

The new wave of excitement began last week after a number of conciliatory statements by Mr. Carter and his foreign policy advisers about Washington's relations with Iran.

These comments, combined with some optimistic noises from various sources in Tehran that the country no longer had much use for the hostages, added fuel to earlier speculation, mainly from Republicans, that the Administration here was preparing an "October surprise" in advance of the forthcoming election.

Initially, senior members of the Administration acknowledged that there were some new hopeful signs coming from Tehran and made only halfhearted attempts to dampen speculation over-optimism. But as the euphoria took over on Friday and yesterday, both President Carter and Mr. Muskie insisted that they had received no sign of "message" from Iran to justify such optimism.

The latest warnings against over-optimism have apparently been based on the growing realization here that the continued captivity of the hostages beyond election day on November 3 would seriously damage the chances of reelection if hopes of their release are allowed to rise too high.

The campaign organizers for his Republican opponent, Mr. Ronald Reagan, have conceded privately that the return of the hostages during the final days of the election campaign would almost certainly sweep Mr. Carter back to the White House.

Iran delays decision on hostages after secret Majlis session but debate will continue today

From David Cross
Washington, Oct. 26

Tehran, Oct. 26—Iran's Majlis (Parliament) went into closed session today to hear a much heralded report proposing terms for the release of the American hostages but no decision was reached and the debate was adjourned until tomorrow.

Hopes that the Majlis would announce today its precise demands to the United States for the freedom of the captives faded after the house changed its public session into a private one and then failed to agree on the terms.

Deputies said they would attend another closed session tomorrow to continue discussion of the report which has been prepared by a seven-man commission appointed on October 2. They said there could be further debate.

The commission had been due to make its recommendations public today, giving hope that quick parliamentary approval and acceptance by the United States could free the hostages held since students seized the American Embassy here last November 4.

Hojatollah Mousavi Khoeini, a commission member, was about to read the report when a group of deputies pushed through a motion expelling the press and public from the chamber.

Supporting the motion, Hojatoleslam Nour, another panel member, said there were points affecting the decision-making which should not be revealed to the public and the motion was carried.

But a second motion to postpone the debate until the end of the month was defeated.

The secret session of the Majlis meant that the conditions proposed by the commission remained officially undisclosed but deputies said they included the four secret demands which Ayatollah Khomeini as well as other conditions.

Ayatollah Khomeini said the hostages could be freed if the United States returned the

wealth of the late Shah to Iran, freed Iranian assets frozen after the hostages were taken, dropped financial claims and promised not to interfere in Iran. Majlis sources said an extra condition was that the United States should withdraw its naval forces from the Gulf.

But the sources said at least one prominent clergyman had opposed this demand as impossible. They gave no further details of the extra conditions.

Western diplomats were not discouraged by the secret handling of the debate, saying it could ease negotiations and save deputies from the need to adopt hardline public positions.

The public debate which did take place was marked by violent attacks on the United States, some of them accusing Washington of encouraging Israel to invade Iran in the Gulf war. Fighting raged after an Iraqi guided-missile attack, early today on the city of Dezful, was reported to have killed at least 100 people.

EEC asked to act as mediator in Gulf war

From Michael Hovavsky
Brussels, Oct. 26

The EEC has been asked by the Iraqi Government to mediate in the war between Iraq and Iran. The nine are to see what they can do but will tell Iraq firmly they have no wish to take sides.

The Iraqi request, contained in a letterhead document, was described as a "blatant and self-serving" letter from Mr. Saddam Hussein, the country's ageing Foreign Minister, was discussed at an informal week-end meeting here of EEC Foreign Ministers.

The letter was dated October 18 but received only last Friday by Mr. Guyot, France's EEC ambassador. Foreign Minister and present chairman of the EEC's Council of Ministers. Much of it was taken up with an attempt to show that Iranian "aggression" had been the cause of the conflict.

But the Iraqis also asked the EEC to use their influence to help bring the war to an end and to avoid action that would make a settlement more difficult. This was seen by some as a guarded plea to EEC member states not to resume military supplies to Iran if the American diplomatic hostages are released.

Lord Carrington, the Foreign Secretary, and his Communist colleagues agreed that the release of the hostages, now being debated by the Iranian Parliament, would automatically satisfy the conditions for lifting the economic and diplomatic sanctions imposed by the Nine on Iran last May.

The holding by the Iraqis of three British missionaries and an intelligence officer, apparently on espionage charges, is regarded as a serious issue and Lord Carrington made clear that he would not see it as a reason for maintaining sanctions once the American diplomats had been freed.

In principle, the lifting of sanctions would open the way for the supply of badly-needed fuel to the Iranian Army which relies heavily on western equipment, such as the British-built Chieftain tank.

The Foreign Ministers were generally agreed that to resume arms supplies would put the EEC in a position of appearing to take sides. But it was decided that, when the time came, it would be for individual governments to determine their own policies on this issue.

On the Arab-Israeli relations, the Foreign Ministers agreed that at their next summit meeting in Luxembourg in December, EEC leaders will have to spell out in much more detail than they did in Venice in June what form a solution to the conflict of Palestinian rights might take.

King Khalid of Saudi Arabia is expected to visit Baghdad in a meeting in Hiddah today with Mr. Habibullah, Secretary-General of the Islamic Consultative Assembly, Saudi news agency reported.

Prince Saoud Al Faisal, the Foreign Minister, was also at the meeting which discussed questions about attempts by certain Arab countries to find a mediated solution to the Iran-Iraq war, the agency said.

Iraq warns US against arms deal

From Robert Fisk
Beirut, Oct. 26

For the second time since the start of the Gulf war, Iraq has accused Iraq of using Soviet-made ground-to-ground missiles against Iranian civilian targets.

The latest attack, according to Iraq, was made against the city of Basra, where the explosion of a Frog-7 rocket allegedly killed 100 people early today.

The Iraqi Army possesses a number of Soviet-made missile systems, including the Frog-7, the long-range Scud. The Iraqis accused the Iraqis of firing Scuds at Basra three weeks ago, killing 180 civilians. A Western correspondent who visited the city shortly after the attack said that Iraqi officials reported that a large area of civilian housing had been flattened by explosions.

The seven Frog-7 missiles apparently hit Basra at 140 km per hour, according to Iraqi officials. Revolutionary Guards and civilian rescue services had pulled 64 bodies from the rubble. Iraq's largest airbase lies just outside the city, and although the Iraqis probably have little reason to aim at Basra, it is almost impossible for missile troops to fire a projectile at a range of 37 miles with enough accuracy to avoid innocent casualties.

The last time that ground-to-ground missiles were recorded to have been used in the Middle East was in 1978 when Egypt fired several rockets into Israeli-held territory. They landed in the desert.

Iran used the Scud missile to attack its people—the "martyrdom" of Iranians in the war has been employed in this way before—and Mr. Muhammad Bajaj, the Iranian Prime Minister, said this afternoon that "the United States will never succeed in forcing

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us to evacuate our cities." The "bloodbath" Mr. Bajaj said was the work of the "imperialistic puppet Saddam Hussein."

Such charges against the Iraqi President will do nothing to lessen Iraq's determination to maintain its war effort against the Iranians still holding out in the Shatt al-Arab railway bridge at Khanaqin, where the Iraqis are holed up with their tanks and artillery.

There were aerial dogfights over Basra this morning between Iraqi and Iranian aircraft and Iraqi shells continued to be directed at the Arabian oil storage depots.

It is clear that the Iraqis in Basra are holding out with the same tenacity as their colleagues in Khanaqin and Abadan.

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Basque extremists release kidnapped businessman

From Harry Debellus
Madrid, Oct. 26

Basque extremists released a kidnapped businessman unharmed near the northern city of Bilbao early today, but gave a warning by telephone to a local newspaper that others who fail to pay "revolutionary taxes" may not be let off so easily.

Either the businessman, Señor José Garvillan, aged 44, the owner of a canning factory in Barneio on the Bay of Biscay, nor his captors disclosed whether he finally agreed to pay money demanded by the military wing of the outlawed separatist organization ETA.

During his four days of captivity, three people were killed in the Basque country by ETA or by "autonomous anti-capitalist groups" that are believed to be affiliated with ETA.

Another businessman in the Basque country, Señor Pedro Abreu, was kidnapped a month ago and is still missing. His family has received one letter from him.

Afghan defects after Unesco attack on Russia

From Gretel Spitzer
Berlin, Oct. 26

Mr. Akhtar Mohammad Paktiwal, Afghanistan's Unesco representative, who is seeking political asylum in West Germany, expressed fears that the Afghan authorities might exert pressure on his wife and their seven children, whom he left behind in Kabul.

Mr. Paktiwal said on his arrival at Frankfurt airport last night that he hoped they would be able to get exit permits to join him.

According to reports from Belgrade, Mr. Paktiwal made his decision to come to West Germany before accusing the Russians in front of the Unesco assembly in Belgrade of dominating his country and suppressing and killing his people.

The report said that the Afghan diplomat informed the West German Ambassador in Belgrade last Wednesday about what he intended to say in his statement to the Unesco assembly.

Two blacks shot dead by police near Cape Town

From Our Own Correspondent
Cape Town, Oct. 26

Police shot dead two black teenagers in a gangland shooting which took place on Saturday night after buses and police cars were stoned. A third casualty was also reported, apparently the victim of a road accident.

The violence appears to have been triggered off by the broad news announcement of the result of the World Boxing Association title fight a thousand miles to the north in Johannesburg, which brought jubilant crowds of young people to the streets of Guguletu to celebrate the victory of the black American, Mike Weaver, over the white South African, Gerrie Coetzee, by a knockout in the thirteenth round. Cars driven by whites in the area were stoned by roaming groups of young people, but no whites were hurt.

Not far from Guguletu in Crossroads, the squatter community yesterday celebrated the wedding of their champion, the Anglican priest Father David Russell, to Miss Dorothea Hadden, formerly Sister Benigna, a Roman Catholic nun.

Mr. Arnold Geyer, a reporter on *The Rand Daily Mail*, was arrested while covering the annual conference of the Methodist Church. He said after his release that charges against him were being investigated.—Reuter.

Reporter freed in S Africa

From Our Own Correspondent
Johannesburg, Oct. 26

A South African journalist who was detained by security police last week has been released. Mr. Arnold Geyer, a reporter on *The Rand Daily Mail*, was arrested while covering the annual conference of the Methodist Church. He said after his release that charges against him were being investigated.—Reuter.

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Four of missing missionaries in Uganda are safe

From Our Own Correspondent
Kampala, Oct. 26

Four missionaries feared wounded at their hospital in north-west Uganda have been unharmed, but the fate of 17 others remains unknown, diplomatic sources said yesterday.

An official from the Verona Hospital at Kuluma sent a message that the four were in Kuluma hospital and were not harmed.

Diplomatic sources said the brief message from the Verona Hospital at Kuluma contained no information about three other missionaries who were working near the hospital, nor any news of 14 Verona Fathers who were still unaccounted for since the Uganda Army began its offensive in the West Nile and the Amin troops crossed back into Zaïre and Sudan.—Reuter.

Earthquake survivors marvel at their escape

From Stephen Dwyer
Huaquillas de León, Oct. 26

The adobe church in the village of Huamilla began to crack and crumble and the 200 or so faithful rushed for the door. Within 10 seconds the church was a pile of rubble, but just two women died.

In the city of Huajuapán de León, a two-hour drive away over a rough mountain road, the Rafael Anagnin Hospital, run for the poor by Roman Catholic nuns, lurched and broke. Chunks of concrete crashed to the floor. The 21 people inside, nine of them patients, escaped without a scratch. One of them was a four-year-old baby boy, dug from the debris.

"His tiny face was white with dust but he was alive," the Mother Superior said. Tales of similar escapes spread across the Mixteca, a mountainous region covering 2,000 square miles in central Mexico, which was rocked by one of the strongest earthquakes here in recent years. It struck at 8.55 am, on

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Evidence in flat starts Rhine terrorist search

From Gretel Spitzer
Berlin, Oct. 26

An intensive search for members of the terrorist Red Army Faction was under way in Heidelberg and other towns in the Rhine-Neckar area today. Police last week found evidence in a Heidelberg flat used by Frau Juliana Plambeck and Herr Wolfgang Beer for a year until their deaths in a car accident on July 25, that other members of the faction might be staying in that district.

The Federal Attorney General's Office in Karlsruhe ordered the search. When the tenant of the flat returned from abroad recently she discovered objects that pointed to its use by terrorists and she informed the police.

Large amounts of money were found by police, including bills paid as ransom in November, 1977, after the kidnapping of an Austrian industrialist.

Signor Forlani gets his vote of confidence

From Our Own Correspondent
Rome, Oct. 26

This week will see a conclusive Senate vote of confidence in Signor Arnaldo Forlani's new Government. In terms of parliamentary arithmetic, his coalition vote yesterday assured of plain sailing in the Chamber of Deputies, which approved the confidence motion by 362 votes to 250, with nine abstentions.

His coalition of Christian Democrats, Socialists, Republicans and Social Democrats has constitutionally come alive, but indications are that its life will not be easy. Signor Forlani drew attention to terrorism, 22 per cent inflation, and a mounting balance of payments deficit.

The behaviour of the Communists will turn on such imponderables as their reception of the economic measures the Government must introduce.

An unexpected event during

Two blacks shot dead by police near Cape Town

From Our Own Correspondent
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OVERSEAS



A goose-stepping soldier leads President Navon along a guard of honour at Cairo airport.

Quiet Cairo welcome for President Navon

Cairo, Oct. 26—President Yitzhak Navon of Israel today began a largely ceremonial first visit to Egypt, the first time an Israeli head of state has travelled to an Arab country. Blended with Israeli flags, Egyptian flags were hoisted on the streets but Egyptians turned out to watch Mr Navon, accompanied by President Sadat, drive into the capital from Cairo airport. The two leaders were escorted to a large round of the city, but both sides ruled out political negotiations, and the visit was seen as a symbolic gesture to help the Egyptian-Israeli peace drive to halt. Egyptian officials said the visit showed that, despite a deadlock in the Palestinian economy talks, Cairo was still its pledge to normalisation, as stipulated by the Camp David agreements. The visit was given low-key coverage in the Egyptian press. It was a televised arrival ceremony, but the president's arrival was not accompanied by the usual pomp and circumstance. The visit was given low-key coverage in the Egyptian press. It was a televised arrival ceremony, but the president's arrival was not accompanied by the usual pomp and circumstance.

Israeli soldiers injured in PLO bomb blast

Jerusalem, Oct. 26—The worst series of Palestinian terrorist attacks in Israel in the past several months has left 15 people injured, one of them seriously. According to official sources, 13 of the wounded were Israeli soldiers. Diplomatic observers believe that by ordering the attacks, the Palestinian leadership may be trying to redirect world attention back to the Arab-Israeli conflict and away from the continuing war in the Gulf. It was also noted that two of the attacks were launched only hours before President Yitzhak Navon left Tel Aviv with a large entourage to begin his first official visit to Egypt by an Israeli head of state. Palestinian extremists are bitterly opposed to the trip, which is intended to improve the flagging normalisation process between the two countries. The most serious incident occurred during the rush hour this morning. A bomb exploded on a crowded bus in the Tel Aviv suburb of Ramat Gan. One Arab was killed and an Israeli was injured. In a second attack this morning, a bomb exploded at a bus stop in the Tel Aviv suburb of Ramat Gan. One Arab was killed and an Israeli was injured. In a third attack, a bomb exploded at a bus stop in the Tel Aviv suburb of Ramat Gan. One Arab was killed and an Israeli was injured.

Negotiations fail to end Namibia deadlock

From Ray Kennedy, Johannesburg, Oct. 26
Talks between United Nations and South African Government officials on Namibia (South-West Africa) continued until the last minute on Saturday until a few minutes before the United Nations team boarded an aircraft for New York. Earlier, Mr Brian Urquhart, United Nations Under-Secretary-General for Political Affairs, said the airport meeting was important, but Mr Brand Fourie, the South African Director General of Foreign Affairs, said it was routine. There was little to suggest that much progress had been made towards achieving the main object of the week-long United Nations mission to Pretoria—that of securing South African commitment to a ceasefire date which would set irreversibly in motion the process towards United Nations supervised, pre-independence elections. It is being suggested that South Africa has proposed a trade-off whereby it will give a commitment to set an implementation date within a certain period in return for an undertaking at least to consider the holding of an all-party conference.

Mr R. F. Roth, the South African Foreign Minister, said it remained committed to finding a peaceful, internationally-acceptable solution, but added: "More useful the United Nations would probably not object."

Wave of arrests in Zambia for alleged coup

Lusaka, Oct. 26—More than a dozen prominent Zambians have been arrested in a big internal security crackdown after the alleged discovery of a plot to overthrow President Kaunda, police sources said today. The arrests followed the imposition of a dusk-to-dawn curfew in the capital and most other big towns and the deployment of troops west of Lusaka where a heavily armed gang was last seen. The Government has not officially linked the arrests with the gang, but police sources said they had information which suggested an attempted coup—UPL.

even shot dead Jamaican political violence

Kingston, Oct. 26—Seven people, including a policeman, were shot dead in political violence during the approach to Jamaica's general election on Friday, police said today. Mr Michael Manley, the Minister, who is standing a third term of office, was at earlier this week. It is estimated that 450 people have died in political violence in Jamaica so far this year. Twelve political activists of the Communist Workers' Party (CWP) were arrested by security men for allegedly making petrol bombs. They are to appear in court on Monday. — Reuters and news France-Press.

Five get death sentence for Korea revolt

From Jacqueline Kedit, Seoul, Oct. 26—Five defendants were sentenced to death today by a South Korean military court for involvement in the rebellion in May in the southern city of Kwangju. The martial law authorities also confirmed that seven people had been sentenced to life imprisonment. The sentences were between five and 20 years, and 80 people were released. Those condemned to death were Mr. Chong Nam Dong, aged 37, and Mr. Kim Jong Bae, aged 26, who are students; Mr. Park No Jong, aged 28, a printer; and Mr. Park Nam Son, aged 26, and Mr. Park Yong Ju, aged 34, who are chauffeurs. Mr. Chong was prominent in the trial of Mr. Kim Dae Jung, the dissident leader, who is appealing against the death sentence. Mr. Kim was found guilty of being a communist and of instigating the uprising in Kwangju, in which 189 people died. Mr. Chong signed an alleged confession, but his lawyer said he was paid by Mr. Kim Dae Jung to sign it. Mr. Chong denied the charge and said he did not know Mr. Chong. A request from Mr. Kim's lawyers to have the confession appear in court to confirm the statement was refused by the military judges. The Kwangju trials have lasted weeks, but because of censorship many people in Korea did not know about them. In Seoul the hearing of appeals by Mr. Kim Dae Jung and the 23 people tried with him on lesser charges entered the second day on Saturday. Three of Mr. Kim's co-defendants said they had been charged against them had been fabricated and two said they had been coerced to sign false confessions under torture. Tomorrow, a year and a day after President Chun Doo Hwan will promulgate his new constitution. Under it, confessions made under duress will no longer be acceptable in court, but it seems unlikely that this provision will be made retroactive to help the condemned dissidents.

China seen as key to Kampuchean settlement

David Watts, London, Oct. 26—General Prem Tinsulanonda, who is expected to arrive in Beijing this week, will open a crucial new chapter in the struggle for the return of Kampuchea. The general's journey to China capital follows the United Nations call for an international conference on Kampuchea and visits by Air Chief Sir Siddhi Savetila, the Foreign Minister to Kuala Lumpur, and Singapore. The Thai leader will launch a concerted effort to the parties together with a double dose of reaching accommodation over Kampuchea. A key to a settlement is the attitude of the Chinese towards Vietnam. If the members of the Association of South-East Asian Nations (ASEAN) can persuade the Chinese of the necessity of removing or lessening the pressure on the Vietnamese, both on their common border and through the Khmer Rouge in Kampuchea, the Chinese of the necessity of removing or lessening the pressure on the Vietnamese, both on their common border and through the Khmer Rouge in Kampuchea, the Chinese of the necessity of removing or lessening the pressure on the Vietnamese, both on their common border and through the Khmer Rouge in Kampuchea.

Lord Carrington will see communist reforms in action

Richard Davy, London, Oct. 26—Lord Carrington has any preconceptions about how the communist works in practice they are to be dissolved by his visit to Hungary and Poland next week. He leaves today and his unorthodox views have much to do with the powerful church, the official press and the growing independent unions. Hungary's evolution has been quiet and more careful, less interesting, or the suppression of the uprising a slow reaction began to emerge in 1956. Hungarians now say that it was only after the experience of not shared by Poland or Slovakia—that enabled them to find a realistic way to reform. The people saw they could not overthrow the party, but they saw that it could not force the people to accept communist ideology. The result was a grimly humbling confrontation which created the basis for a partnership of convenience between regime and party. In 1968, after years of debate within the party, a new economic mechanism was introduced which reduced central planning, encouraged initiative at plant level and exposed the economy to limited market forces. At the same time collective investment received more encouragement and, more freedom including more scope for farmers to cultivate private plots. This was not universally popular. Differences widened, inefficient factories felt threatened, and the party apparatus saw more and more problems going to non-communists. As investments began to pour out of control and the oil crisis loomed in 1973, the reforms were halted and modified. More central controls returned, together with softer conditions for the inefficient. The colder economic climate is now reviving the reforms. Hungary earns about 40 per cent of its income from exports and does 60 per cent of its trade outside Comecon. With a hard currency debt of about \$8,000m (about £2,500m), it must become more efficient to survive. Hence there is talk of restructuring industry, encouraging smaller co-operatives, and more small private business, and allowing inefficient factories to close. This last is politically the most sensitive proposal. The "right to work" has been widely interpreted as the right to remain in a particular job. Already this right has been eroded by a new labour code earlier this year which made it easier for managers to dismiss workers. If the reforms go ahead, whole factories will close and workers may have to move. The trade unions in Hungary officially accept this because they are organs of the regime, but they enjoy more power and more independence than unions in other East European countries and they could raise the price. Poland's struggling new unions have been crushed with intense sympathy in Hungary, and although their fate is bound to have some influence throughout Eastern Europe in the "long run," there is no immediate sign of serious in-

Prisoners of conscience

By Caroline Moorhead
Viktoras Petkus, a founder member of an unofficial Lithuanian group set up to monitor Soviet compliance with the Helsinki Accords, was arrested in 1976 and charged with "anti-state agitation and propaganda". He is currently serving a 10-year prison sentence—of which seven are to be spent in a corrective labour camp and three under house imprisonment. He is to be released by five years' interval exile. Mr Petkus is at present in Chisolm prison in the remote Tatar Autonomous Republic. Prisoners journeying to distant towns are frequently subjected to brutality and harassment and Mr Petkus is said to have been beaten with rubber truncheons by police officers. Due to poor conditions in the prison, such as chronic hunger, inadequate medical treatment and hard physical labour, he is reported to have lost 60lb since his arrest. Mr Petkus is one of 34 Lithuanian monitors now imprisoned or in exile, and adopted as prisoners of conscience by Amnesty International.

Soviet Union Viktoras Petkus

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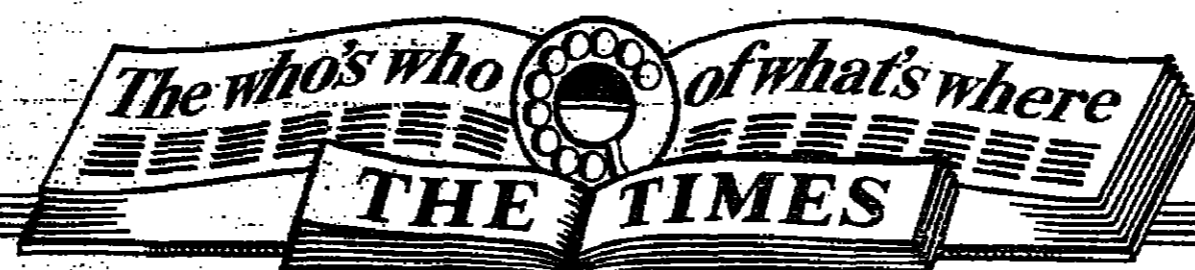
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The 'hooligans game' puts on a human face



While others were assessing the damage, we were paying for it.

On the morning of January 11th 1978, you might have been forgiven for mistaking the streets of Sheerness for Amsterdam or Venice.

After a night of near hurricane force winds and waves as high as houses, the East Kent coastline was, quite simply, blown to bits.

In the light of this thirty mile trail of devastation, it became clear to us at Commercial Union that there was only one way we could be of real help.

Not with tea and sympathy. Or vague promises of compensation.

But rather, by agreeing to claims immediately. On the spot.

Now, it's not every day you'll find us popping in on policy holders, with a view to popping a cheque in the post.

After all, like any other insurance company, every claim we deal with involves certain formalities.

There are details to be noted down. Policies to be checked

out. Assessments to be made. And so on.

A process that can take anything from five minutes to five months. Or even longer.

Speaking for ourselves, we prefer to simplify the paperwork, for the sake of a speedy settlement.

Which is precisely how we coped with the mopping up of East Kent.

On January 12th, with the storm damage barely a day old, we set up an emergency claims centre in Canterbury.

Within two working days we had our own team of claims inspectors out and about on the waterways, personally totting up the cost of repairs.

In all, we paid out £115,000 from just one branch, to more than 400 policy holders.

So they could start rebuilding their lives, while others were still getting estimates.

We won't make a drama out of a crisis.



ASSURANCE



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ORD CARRINGTON GOES EAST

Lord Carrington's trip to Germany and Poland, which is today, is a welcome and overdue sign of British interest in eastern Europe. Coming with her main allies, gain has been woefully slow to develop high-level relations with areas which is not only part of the term security interests of the alliance. Poland's present position only reinforces the point that the visit, which was made some time ago, was in fact a visit to the east.

It is disconcerting among the west European countries having no specific national interest in cultivating relations in eastern Europe. Unlike Germany, which does not need special problem of preserving the legacy of the war, the other between East and West, like France, does not need strike independent attitudes. Like Italy and France, must accommodate a large number of communist parties, like the United States, is not have the votes of large minorities to take into account. Yet just this absence of special interest ought to give the objectivity to make an active contribution to the ties of the alliance.

He does so at lower levels, bilaterally and within the area. She made a particularly useful contribution to creating the Helsinki accords, to substitute for the more spurious theatre of high-level visits. First, high-level visits are essential in contacts with archaic centralized regimes, use only they can spread a

climate of reciprocity throughout the system and down into the lower areas of trade, culture and personal contacts. Secondly, only by being seen to be in regular contact with eastern Europe can Britain hope to get a respectful hearing on the subject in the councils of the western alliance. Nobody is going to listen to an ambassador's pronouncement on an issue which he has not been seen with which he has only minimal relations.

Admittedly, there will be difficulties even if intentions continue to improve as they are doing now. British ministers, who sit in the Commons have far less time to spare than their counterparts in western or eastern Europe. This is often not understood in eastern Europe. There is also a British tendency to be impatient with eastern states which do not produce immediately visible results. This is part of a wider British failure to understand eastern Europe, which derives from fundamentally different historical experiences.

The British are fortunate in not having been defeated, occupied, subjugated or ravaged by extreme ideologies for a very long time, but this lack of experience creates a mental gap between them and most of the European continent. There are things they know nothing of at first hand which are all living memories for many Europeans. As a result they tend to see eastern Europe in excessively simple terms—regimes against people, dissidents against police, good against bad. They miss the shades of grey, the intricacies of politics, the subtler moral dilemmas, the complex struggles for integrity, and the pressures on ordinary people trying to survive and raise families.

Germany, French and others who have occupied and been occupied are better equipped by suffering and experience to understand. Britain must therefore make a special effort if her approaches are to connect with the realities of central Europe and to carry weight with allies. The effort is certainly worthwhile. The present order in Europe is too artificial and strained to last for ever. If anything the stresses are likely to increase over the next few years.

The West's essential basic interest is therefore not to shore up the present order but to work for change that is peaceful and not threatening to western security. At its most basic, this means trying to create a European environment in which there is less tension both between states and between governments and people and which allows the gradual development of a European identity. These requirements go together because on the whole it is when the governments of eastern Europe feel less threatened from outside that they become more able to respond to pressures from within. (It is difficult, for instance, to imagine that events would have taken their present course in Poland if West Germany were still seen as an external threat contesting Poland's western frontier.)

Nobody can tell at the moment what possibilities will open up, what the Soviet Union will permit, what each regime will respond to new circumstances, but the more western Europe can remain in contact and negotiation the more its chances of influence are enhanced. And the more Britain remains involved in these efforts the less danger there is of influence becoming concentrated in the hands of states with special national interests.

IT IS THE FIRST PRIORITY

House of Commons resumes in an atmosphere of much uncertainty that would have been expected when the summer began. The difficulties go deeper than the leak of the vote between ministers over once spending cuts. That has a politically embarrassing, will be still more so when the backbenchers express their dismay at what seems to be the abandonment of election pledge. But this aspect has arisen only because Government finds itself confronted by a dilemma that stems from the 'credibility' of its economic policy.

It is to keep to the party's basic strategy, it must now further swinging cuts in its expenditure on a far larger scale than had previously supposed. There are a number of reasons for this. The increased cost of social security and payments at a time of unemployment, and the rising demands from British and British Steel and British for extra funds. If these funds are to be met—and it is to see how even as stern government as this could give elsewhere. Hence the push for deeper cuts, probably of a controversial

nature, and the talk of higher taxation.

The difficulty for the Government's strategy is that economies are now required on a scale that many people believe will not be achieved, or if they are achieved will be gravely damaging to public programmes that cannot reasonably be regarded as an optional extra. So the Government is faced with a double problem: how to make individual decisions that are sensible without destroying confidence in its whole economic policy.

The first priority now should be to hold public sector pay increases down to a modest level in the coming wage round. So much of the public sector is labour intensive that public expenditure cannot be kept within bounds, no matter how much programmes may be slashed, if pay is allowed to get out of control. Conversely, if pay rises are firmly restrained, the need for programmes is correspondingly reduced.

Such an approach does not require any dramatic reversal of Government policy. Far from it. There is now a good prospect that economic forces will bring the level of wage increases tumbling down in the private sector. That will happen in the public sector as well, only if the unions are convinced that the

Government will stick to whatever figures it sets for pay rises. It would not become easier to convey this impression of official determination if ministers were suddenly to present a softer aspect to the country. In this context Mrs Thatcher's reputation for toughness, even at times unreasonable toughness, should be a distinct asset.

It would be unwise, however, for a necessary determination over pay to extend to an excessive butchery of programmes. Further economies will unquestionably be required. It would be foolish to pretend that firm control of pay can provide all the restraint that is needed in the public sector, and it would equally be an illusion to imagine that the necessary cuts can be made without inflicting pain. But it does not follow that all cuts must always be right, no matter what damage may be done to the programmes concerned. The extra demands now being, and about to be, made on the public sector are so large that they cannot sensibly be accommodated by corresponding cuts in the next financial year. The Government needs to be relentless in the presentation of its policies, rigorous over pay, robust in reducing some of its programmes further, but aware that it may have to allow its spending to rise a bit more than it had intended.

ivid Wood patriotic baker earns 'K'

Under hearing, seeing on, or reading the reply of the Prime Minister to the House of Commons, to a debate on the last of the Conservatives' Brighton conference? It would be hard to do his doing better on any other occasion. In making, he said the party rank and file and wanted to hear; in fact, he said it with force and entirely total conviction. Much so, I still effortlessly in memory whole or part as he delivered it, unusually in tones. "This is indeed the time of danger... the Army has more regulars than a year ago... over 172 and in service by the 1980s... the new Tornado aircraft is now being delivered... Trident is the biggest decision since the original decision—the risk we should be not having it... we leave it all to the Americans... the Russians will not negotiate... we have all the cards and we none..."

And other such sentences uttered on October 10, or 17, or 20, this morning. In Sir David Wilson's immortal words, it is a long time in politics. Yet it is Mr. Pym's analysis then of the West balance of forces to be followed by the secret defence, and generally published, and abroad last week? Sir K. Cooper, Permanent Under-Secretary, wrote his warning minute to Mr. Pym on the consequences of strictly cash limits and deferred ring on October 2, well before Brighton Conference. Mr. Biffen, Secretary, Treasury, went on to warn against defence cuts by letter before that.

Nor should anybody forget Mrs Thatcher's 1979 manifesto commitment: "We shall only be able to decide on the proper level of defence expenditure by an annual 3 per cent until 1984."

It is not, it is said, that by any standard of public accountability, Mr. Pym, as well as his fellow ministers, inescapably owe Parliament an early explanation of what is going on at the highest level in Whitehall, since well before Mr. Pym's brief was given to the Conservative conference. No minister, high or low, wet or dry, soft-boiled or hard-boiled, saint or sinner, should fail to see that the credibility of the Government, and the Conservative Party, has become involved.

Not least, of course, because of the Government's immediate reaction to the publication of the leaked documents by the Press Association and the decision of the admirable Mr. David Chippendale to publish and demand the consequences. For Mrs Thatcher, and her ministers, along with the Government, it is clear that they had been caught out, in a U-turn and must stand at the bar of public opinion. They did not say they had a satisfactory answer to give Parliament, they elected and gave the documents were counterfactual and not up to the mark.

What they did was to put the 'top-down' into the public domain, to put off the culprit who slipped the damning document into the cupped hand of a PA man. The security force of the department, which we all hope is formidable, was not thought enough for saving the Government's face. As such, the Government's reaction to the Press Association and the decision of the admirable Mr. David Chippendale to publish and demand the consequences. For Mrs Thatcher, and her ministers, along with the Government, it is clear that they had been caught out, in a U-turn and must stand at the bar of public opinion. They did not say they had a satisfactory answer to give Parliament, they elected and gave the documents were counterfactual and not up to the mark.

most ruthless of all if only John Le Carré and Frederick Forsyth would get around to giving them a defence of the financial system.

Why do sensible ministers and prime ministers involve themselves in such disproportionate melodrama? "It's all got up by the press" said Harold Macmillan in his most unconvincing offhand way as his Government began to collapse about him. Harold Wilson, who spent busy years courting the press, in pique got himself involved in the notorious D-note affair, and discredited himself and his Government by forming them into a Wilson closed shop, or so-called "white communitism". Ted Heath as Prime Minister could be touchy and feel that those who were not always with him must always be against him. Jim Callaghan, a decent reporter and pretended he never read the articles about himself that he could not bring himself to forgive.

Now Mrs Thatcher, a realist if ever there was one, spends public money hunting down (no doubt, fairly as usually) somebody in the public sector who has performed a valuable public service, not an act of national treachery. Let us accept that nobody like a traitor in the club. Perhaps few, except those who make money out of it, would like to see the Government of doing so. Let us accept that for one purpose a vote of thanks to (or once) a patriotic leader, who makes an agreeable change. Mrs Thatcher should see he gets his K for helping her cause and her brand image.

Leaks on defence spending cuts

From Air Marshal Sir John Nicholls
Sir, Any officer or official serving in the Ministry of Defence is entitled to disagree with government policy. In that case, he can choose to argue his case within the MOD or, if he feels strongly enough, he can choose to resign.

He does not have the right to choose to release classified official documents to advance a case he is not prepared to support in public. His overriding responsibility is to ensure that the society to which he is responsible has no reason to doubt the integrity of our Armed Forces.

The man at the centre of the present furore (reports, October 24 and 25) should discard his anonymity and emerge from the protection of the system he clearly does not respect. Much more important is the possible level of government expenditure are involved.

I have the honour to be, Sir, Your obedient servant,
JOHN NICHOLLS,
Air Marshal,
Albert Bridge Road, SW11,
October 26.

Preparing for better times

From Sir Ian Morrow
Sir, When the upturn in economic activity comes about there will be a recurrence of two problems which have plagued British industry in the past: a shortage of skilled manpower and a shortage of capacity, resulting in excessive imports and lost export orders. Nevertheless, if intelligent action is taken in the near future both problems could be alleviated.

I visited the United States recently and found that, with subsidies from local authorities, companies were setting up training schemes to upgrade semi-skilled workers to skilled workers, and thereby avoid the bottleneck of shortage of skilled labour. The Engineering Employers' Federation have repeatedly suggested that it should be possible for men to enter into apprenticeships at any age. This proposal has not been adopted. Unless some scheme is evolved whereby the bottleneck of shortage of skilled manpower will recur.

Whenever a shortage of capacity arises it is always blamed on under-investment. In the United States and Germany, factories (other than continuous process factories) are expected to work on a double-day shift system. In this country they are expected to work eight hours a day. It is obvious, compared with our competitors, we are under-using our investments, and if we follow their example we would have a much wider manufacturing base than is realised.

British management and workers are not much in favour of double-day shift working, but advantages in reduced cost, and increased output are so great that every effort should be made to have plans ready to bring this about when demand rises. It would enable British industry to employ a great many more people with the existing investment.

Yours faithfully,
IAN MORROW,
41 Bishopsgate, EC2.

Change of fortune

From Mr Bernard Sternfield
Sir, The letter from Mr. Sabin (October 18) referring to the George de La Tour forgery of the "Fortune Teller" reflects a situation not unknown at other levels.

A drawing catalogued as a Horace Brody and into our hands some months ago via two London sale rooms. The signature was not that of the artist and when this was pointed out both sale rooms accepted our opinion but were nevertheless unable to learn from the original sale room the source of the drawing.

There may be other drawings from the same hand being offered for sale and such lack of co-operation on the part of a major sale room shows an astonishing lack of responsibility.

Yours faithfully,
BERNARD STERNFIELD,
Fieldhouse Galleries,
63 Queens Grove,
St John's Wood, NW8.

The ticket trade

From Mr Michael Bowers
Sir, The gentleman who sold Dr Darley (letter, October 15) a ticket at cost outside Covent Garden was immediately arrested. Things are different across the river.

I thought the GLC kept tickets out of the Royal Festival Hall, but on Friday evening I bought a ticket for the concert before the concert was due to begin, a row standing in front of the box office windows told me it was sold out. When I demurred, another ticket agent told me that the GLC attendant who was looking on, but he could or would do nothing. As I bought a ticket at the box office I was told there that the police refused to come into the building.

Yours faithfully,
MICHAEL BOWERS,
4 Orchard Drive, SE3.

Medical school's future

From Mr David Ennals, MP for Norwich North (Labour)
Sir, For the last eight months the future of Westminster Hospital and the Westminster Medical School have been in doubt. There have been debates in Parliament, public demonstrations and a massive petition to the Prime Minister based on the unquestionable fact that the Westminster Medical School not only has consistently led the field in academic success but in value for money.

At two meetings in the Palace of Westminster on April 29 and 30 the Vice-Chancellor, Lord Annan, gave to members of both Houses of Parliament an assurance that the proposal to close the Westminster Medical School would never have

LETTERS TO THE EDITOR

Task for rich countries to consume less

From Professor R. S. Scaer
Sir, The need, almost desperate, for energy to meet the requirements of the world's population in the year 2000 appears as an overwhelming argument in favour of rapid nuclear development.

But let us consider other consequences: that the year 2000 the world will be supporting a population 50 per cent larger than today, trying therefore to maintain a level of consumption of energy also about 50 per cent larger (if the gap is filled by nuclear power). The prospect for the future will be grimmer than now because the fossil fuel resources will by then be greatly depleted, and the population, if supported at the standard hoped for, will still be growing at 2 or 3 per cent a year for at least another half-century.

If it were appreciated now that our task is not to support the population at present rates of consumption in the year 2000, but to reduce consumption of energy in the rich countries by, say, 35 per cent at least, the population growth in the poorer nations would be zero, and technological resources would be properly directed.

Without a reduction in consumption by the rich there will be no energy before the year 2000, reduction in their birthrate is needed.

Transplants dilemma

From Mr J. R. W. Gleave
Sir, There seems to be a general impression that the concept of brain death was invented for the benefit of transplant surgeons. This is false. British neurosurgeons became concerned about this problem to my personal knowledge as far back as 1952 when it was discovered that the heartbeat of patients with severe physical brain damage could be sustained for a limited period by connecting their windpipe to a ventilator in order to breathe them artificially when spontaneous respiration had ceased. At first there was great hope that these patients could be nursed through the phase of loss of brain stem function, to resume in due course spontaneous respiration and thereafter some form of independent life.

Within 10 years it had become clear that in patients with severe brain damage from physical causes, such as injury or haemorrhage, the heart would ultimately stop after a variable period whatever support was given. It became apparent that a simple clinical criterion for death could be found and it was found that such tests as angiography and electroencephalography, though of value in making the primary diagnosis, helped in no way in establishing the diagnosis of death of the brain stem.

For a further decade it was the custom to ventilate these patients to the end point of cardiac arrest and during the whole of these first two decades the chief sufferers were the relatives of the patients awaiting the inevitable.

During the last decade complex confidence has been established in the clinical criteria of loss of brain stem function so that it has become customary to discuss the prognosis with the relatives. Some wish artificial support to be continued until the heart stops; an increasing number do not. The fact must be faced that other parts of the brain may be dispensed with; other parts of the body may be replaced; but so far there is no substitute for the activity of the brain stem. The corollary is that if the brain stem is dead the viability of other parts of the body is of no account to the whole.

The criteria for the diagnosis of this state are clearly set out in the statement issued by the Medical Royal Colleges on October 11, 1976, which was published by the British Medical Journal on November 12, 1976, and of which every doctor was sent a copy. The statement is clear and concise: the tests simple to perform. In nearly 30 years of practice in this field I have never known a patient in whom these criteria were fulfilled who heart did not cease to beat after a period of days, whatever was done to sustain it.

The transplantation of organs is only a side issue which comes up for consideration once the diagnosis of brain death has been made. It is no concern of the neurosurgeon or neurologist, whose role is over, but a matter for the dead man, if his wishes are known, for his relatives, for the Coroner, and for the transplant surgeons.

Yours faithfully,
J. R. W. GLEAVE,
Consultant Neurological Surgeon,
Department of Neurological Surgery and Neurology,
Addenbrooke's Hospital,
Hills Road, Cambridge,
October 22.

Easing the way to death

From Miss Janet Burnell
Sir, It is indeed sad to find the President of the Royal College of Physicians (October 25) agreeing with the inaccurate, ill-informed and indeed arrogant, opinions expressed in the letter to the editor of the Times of October 18.

The Voluntary Euthanasia Society, now called EXIT, was founded 45 years ago by two compassionate and revered doctors, one an ex-President of the Royal College of Surgeons, to promote certain considered humane legislation for the relief of the terminally ill to have the absolute right to "ask for mercy" and to receive such assistance as may be necessary, and that those doctors who are in accord, and there are many, should also have the absolute right to "be merciful" and to give assistance within the law and without danger or fear of prosecution or persecution.

There were, certainly among my many friends in the society, two main considerations in supporting the publication of a Guide to Self-deliverance. First and foremost, it was to shock authority and the medical profession into reconsideration of the tragic and often unnecessarily prolonged sufferings of the terminally ill. Secondly, it was seen as a way of helping those hundreds of our members who, looking ahead, knew they would desperately need to relinquish their burden but lack knowledge of the ways and means.

It seems the first consideration is being met. My purpose was fulfilled and lead to the necessary change in the law. There can be no doubt the means can best be provided and assistance best given by a compassionate member of the medical profession, working within the law and according to his conscience.

Yours truly,
JANET BURNELL,
37 Kilmuir Road, SW6,
October 24.

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Yours truly,
JANET BURNELL,
37 Kilmuir Road, SW6,
October 24.

the new partnerships is to be totally unopposed. As the statement says: "The Westminster Medical School would have actually to move to the Charing Cross Hospital Medical School site," thus, in my view, totally losing its identity. This proposal would cause irretrievable harm to standards of patient care and the education of doctors and nurses.

To uproot the medical school from its present site is really a nonsense and would run contrary to the assurances already given to parliamentarians by the Vice-Chancellor. Nothing would be gained but very much would be lost by this proposal to vandalise the finest medical school in London.

I hope the Senate will see sense.

Yours faithfully,
DAVID ENNALS,
House of Commons, SW1,
October 23.

Trial and death of Lady Barnett

From Mr J. J. Smyth, QC
Sir, It is not time a note of realism about elderly ladies being subjected to the full rigours of the law under-stand that it was Lady Barnett who chose to be tried by judge and jury at the Crown Court. The prosecution was always content for simplifying cases to be tried summarily.

Secondly, in all cases of theft the judge will direct the jury that forcefulness or inadvertence is a full defence in the charge. Deliberate dishonesty, with the specific intent permanently to deprive the owner, must always be proved.

What is more, it is always open to the defence to call medical evidence relevant to the accused's state of mind. Lady Barnett, as a former magistrate, and her advisers would of course have known this. The jury, which consisted no doubt of 12 persons who, hoping most of their lives, unanimously convicted her.

Finally, I hope that those who want "trial" by a panel of psychiatrists or anything akin will think it is but a step from that to the rule of law in a democratic society that when a criminal offence is alleged, the accused is entitled to be tried according to law in a court of law. To deprive a citizen of this right is to remove him from the sphere of justice and place him in the hands of technical experts who know nothing of justice and punishment but only compulsory cure. It is but a step from that to the hospital wards of the Siberian prisons.

The late Professor C. S. Lewis put it so well as long ago as 1949 in his article "The Humanitarian theory of punishment" in the *Quaker Review*. "The humanitarian theory wants simply to abolish justice and substitute mercy for it. This means that you start being 'kind' to people before you have considered their rights and before you have supposed kindness which no one but you will recognise as kindnesses and which the recipient will feel as abominable cruelties. Mercy, detached from justice, grows unmerciful."

Yours faithfully,
JOHN J. SMYTH,
2 Crown Office Row,
The Temple, EC4,
October 22.

'The Romans in Britain'

From Mr Edward Shackleton
Sir, I wish to challenge the validity of the two principles enunciated by Mr Geoffrey Strachan in his letter today (October 20). It is most important that everyone should understand what is involved, for much is at stake.

First, I absolutely deny the oft-repeated claim that no one should criticise a play or film unless they have seen it. On the contrary, I hold that if certain scenes in a play or film are so obviously objectionable in the words of a review, there is no reason at all why I should go and see it before declaring that it is not fit to be performed, unless, of course, those responsible for its production, cynically deny the very substance of the report. The word "obscene" means originally "off-stage", or unfitting to be performed, and there the matter ends. Niceties as to how the thing was done are irrelevant. Under Mr Strachan's argument, no one should decide that a play is not fit to be seen until they have seen it! This may be good for the box office but, somehow, it does not seem to me to make sense.

It is even more necessary to challenge the second of Mr Strachan's principles. As I understand it he is suggesting that what goes on in the National Theatre is none of my business unless, of course, I am a member of the National Theatre. It is, in the contrary, a principle inherent in society that what is allowed in public places of entertainment inevitably involves, and therefore is a matter of concern to, the public at large. What man does in his own bedroom in private is no special concern of mine, if for no other reason than that, so long as it is really done in private and so long as he does not do it about in public, I obviously know nothing about it—so how could it worry me?

So long as I remain a member of this present society I cannot escape being involved with what goes on in public places of entertainment. I must make allowance for much that I do not like but others do like. But there comes a point at which I must draw the line and the fact that I never go to public places of entertainment is irrelevant. Unless I wish to be associated with such performances I must either declare against them or remove myself from that society.

Yours sincerely,
EDWARD SHACKLETON,
The Farm,
Northampton,
Oxfordshire.

From Mr Roger Baker
Sir, A depressing aspect of the discussion in your columns is that none of your correspondents has mentioned the actual issues raised by the new plays in question.

I have not seen Howard Brenton's play, but I have seen Alan Bennett's and found its exploration of the complex web of human responsibility, its treatment of old age, of relationships and of life-expectations unnerving, shocking in a very positive sense.

Could it be that those who are busy condemning these plays are creating a diversionary tactic, blaming as it were, the singer because the song is too distressing for them to confront?

Yours faithfully,
ROGER BAKER,
Flat F,
33/24 Great James Street, W.C.1,
October 22.

From Mr James Hogan
Sir, The orgy the Philistines in Britain are now having in public is disgusting.

Yours faithfully,
JAMES HOGAN,
12 Churchfield Mansions,
New King's Road, S.W.6.

The Times analysis of the world economy by Melvyn Westlake and Nicholas Hirst

Oil and the Third World: why a new deal is so necessary

For at least the first half of this decade most nations, rich and poor alike, face a harsher economic climate than has been seen for a generation.

The problems which confront the international community are familiar enough: low economic growth, mounting Third World debts, rising oil prices, huge "petrodollar" surpluses, increasing population, regional food scarcities and—encapsulating all this—widening income disparities between the world's rich and very poor countries.

Yet, as the problems have become more acute, so the willingness and ability of the industrial countries, the oil exporting group and the other developing nations to make common cause in searching for solutions has ebbed away. The Organization of Petroleum Exporting Countries (Opec) and the rich industrial countries of North America, western Europe and Japan, are content to blame each other for the world's woes. Each group believes it is the responsibility of the other to come to the aid of the oil importing developing countries, who are suffering badly in the cross-fire.

There can be no doubt that

the oil price increases of 1973-74 and 1979-80 have contributed substantially to the difficulties of most countries. The increases have pushed up inflation in the industrial nations and had a devastating effect on the oil importing developing countries of Asia, Africa and Latin America.

Their aggregate current account deficit has grown from \$7,000 million in 1973 to more than \$70,000 million this year, and, according to the World Bank, will rise to well in excess of \$100 million by the end of the decade (although inflation will reduce the real burden of this deficit). At the same time the total outstanding debts of nearly 100 developing countries rose almost six-fold during the 1970s to a massive \$376,000 million.

Some calculations suggest that every \$1 increase in the price of a barrel of oil adds \$2,000 million to the aggregate deficit of the oil-importing Third World nations. Their total oil bill rose about \$35,000 million between 1973 and 1980. Even countries with mineral exports now have to export five times as much to pay for each barrel of oil as they did in 1970. Some African countries

have been particularly badly hit. The oil bills of Sudan and Tanzania now consume 60 per cent of export earnings.

It is facts like these that lead western governments to heap the blame for the world's difficulties on the shoulders of Opec and to maintain that there is little that Europe or America can do about it.

Opec, however, justifiably argues that inflation was a growing problem long before the oil price was first increased. The international monetary system, founded at Bretton Woods after the Second World War, had already broken down before the oil cartel became an effective price fixer. For years the prices of most raw materials (including oil) had been falling in relation to the price of manufactured goods brought from the West; and oil exporters were, they argue, just fortunate in having a dwindling resource which was in ever greater demand from the industrial countries. This has simply enabled Opec to turn the tables on the West.

In the view of the oil exporters, the real source of today's problems is the profligacy and fiscal irresponsibility of the industrial block. More-

over, the argument runs, many of the oil exporters are themselves very poor, but the richer members of Opec have proved to be far more generous in helping other developing countries than the industrial countries.

In spite of the damage inflicted by the oil price increase, the oil importing developing countries have tended to remain sympathetic to the Opec view. Oil exporters have achieved what poor producers of other raw materials would also like to do. The "oil weapon" is still widely held to be the strongest lever that the Third World has for getting a better deal from the West for all the poorer nations. Opec has fostered this view, and the persistent attempts by the industrial countries to drive a wedge between Opec and the rest of the developing world have largely been unsuccessful.

There are other factors behind this solidarity. Imports of manufactured goods from the West still account for the largest share of most developing countries' imports, and these less countries for economizing on manufactured imports than on oil imports. Not only have the

prices of western goods been rising quite rapidly for several years, but currency upheavals, such as a drop in the value of the pound or the dollar, have often hit the developing countries disproportionately hard, reducing the real value of their foreign exchange reserves.

Yet, as some Opec members are quick to point out, it is rarely suggested in the West that the rich industrial block should compensate Third World nations for the increased cost of manufactured goods in the same way that Opec is pressed to compensate the poor, consuming

sumers of oil when the oil price rises. But these arguments, says the Times, are largely self-serving. They reflect the chief cause of frustration and resentment for the Third World in general: the role of the international trading and financial system, and, in particular, the institutions that dominate it. The global debt crisis, says the Times, was set by the West when the number of independent nations was around 50. Today, when this number exceeds 120, the industrial countries will effectively run the International Monetary Fund and the World Bank and, because of their economic muscle, have a disproportionate share of the decision-making arrangements.

That is why the developing countries have had the backing of Opec, at least to the extent of sympathetic rhetoric. But when it comes to the actual amounts of aid, the picture is different. The absolute amounts of aid imported by such countries as India, for example, have been largely maintained, but the impact of higher prices can be particularly felt in the type of aid given to Caribbean nations by Venezuela and Mexico, who have guaranteed oil supplies and offer some of the cost without interest loans.

But bilateral deals bring their own problems. Even one of the chief suppliers of oil to developing countries, often linked to loans on soft terms, the dependence of Brazil and India on Iraq for a large proportion of their imports has led them to desperately looking for new sources of supply.

Dependence on a single supplier is a major official obligation which can threaten security of supply. A better solution would be for oil-importing nations to be fed through one of the international agencies, but some Opec members would prefer to run an ad hoc bank of their own.

Over the long term it is in the interests of the West to limit the pressure on Opec oil supplies from the growing demands of the developing world. Nine of the developing countries account for almost 30 per cent of oil imports to the developing world; as a rule these are those best able to afford them, but the cost of investment in energy development is such that it is impossible for the Third World to diversify out of its own resources.

Total investment requirements to increase the oil importing countries' indigenous production, by 1985, are about \$1,500 billion. In 1980 and substantially rising, coal and gas production would be equivalent to 2.2 per cent of their gross national products. Even so, this is less than the annual payment for oil imports. What was never possible to do with Opec is to offer a global strategy, whereby it offered guarantees of oil supply at predictable prices in return for some sort of inflation-proof indexation of its member countries' investments in the West. Opec did not have the cohesion to make such an offer, and certainly does not have it now. Neither is it politically possible or even diplomatically desirable for the West to offer indexation of Opec funds by creating a new international fund.

Opec has acted over the past decade to wrest all power of pricing and production away from the multinational oil companies and place it in the hands of producer governments. That power has not been altered or reduced. Opec members are not about to compete with each other for new markets by trying to sell more oil at lower prices.

The Iran-Iraq war is now threatening the power of the moderate to prevent another price shock. The high level of oil stocks worldwide has so far prevented a sharp price rise as a result of the loss in production from Iran and Iraq, but the longer the war goes on the greater the chance of another price rise.

The West faces a position of increasing competition for Opec oil over the next decade. Plans for oil substitutes throughout the West are well advanced. Conservation and reduction in demand sharply this year and there is every sign that long-term dependence on the politically unstable Middle East is being reduced.

But the developing countries' appetite for oil is becoming ever more voracious and over the longer term its state of the world's total primary energy is expected to increase dramatically.

At the same time the producing countries will be using more oil. Consumption by the Arab countries is expected to reach between six and 12 million barrels a day by 2000.

Third World energy demand is set to rise much faster than that in the West. Industrialization moves to urban living is reducing the importance of non-commercial energy sources. These represented 54 per cent of the energy consumption of the developing world (including Opec and China) in 1960. This proportion had fallen to 35 per cent by 1975 and is expected to drop to 17 per cent by 2000 and 10 per cent by 2020.

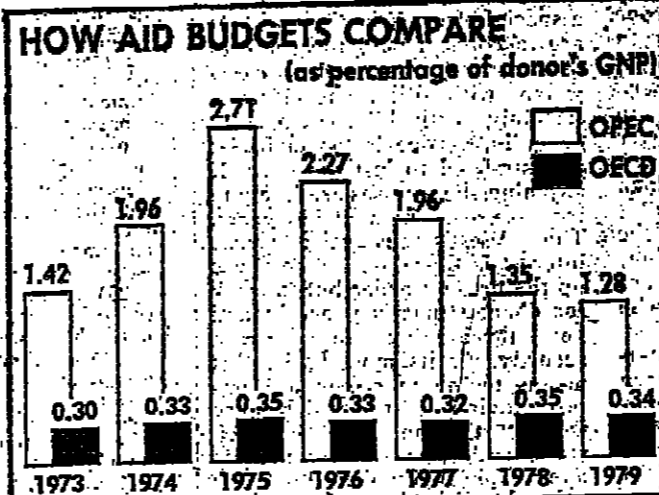
According to the World Bank, commercial energy production in the oil importing developing countries is projected to grow from 22.4 million barrels a day of oil equivalent (a standard energy measure) this year to 22.8 million a day by 1985. But indigenous energy production is expected to rise from 7.8 mbd to only 15.2 mbd.

Even if their domestic production could be increased further, the World Bank says, there would still be a substantial gap which would have to be closed by fuel imports. Even then, sufficient use of energy, the bank says, is reduced economic growth and that for countries whose wealth is only a fraction of the industrialized West, as a deeply depressing prospect.

The absolute amounts of aid imported by such countries as India, for example, have been largely maintained, but the impact of higher prices can be particularly felt in the type of aid given to Caribbean nations by Venezuela and Mexico, who have guaranteed oil supplies and offer some of the cost without interest loans.

But bilateral deals bring their own problems. Even one of the chief suppliers of oil to developing countries, often linked to loans on soft terms, the dependence of Brazil and India on Iraq for a large proportion of their imports has led them to desperately looking for new sources of supply.

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"You mean to say the new Grundig Mini Hi-Fi can out perform systems twice its size?"

"Precisely."

The way most manufacturers talk you'd be right in thinking that a great deal of the high-flown hi-fi jargon used is little more than a lot of hot air. We ought to know.

Because basically all we've done to make our new Mini Hi-Fi receiver and cassette deck as good, if not better, than the typical maxi hi-fi equivalent is to take out the hot air.

Hot and otherwise.

In other words, having spent a lot of time researching all the various features that many people consider essential to quality hi-fi reproduction, we found quite a few that weren't.

Like flashing lights, control panels that would do justice to a starship and the megawatt output that could ruin music, eardrums and neighbourly relations.

The same, more practical features essential to good listening and easier recording we, of course, kept.

Some, like the controls of the cassette deck, we made simpler.

Which is why you don't have to press stop every time you want to change from rewind to fast forward or play.

Other features we made smaller.

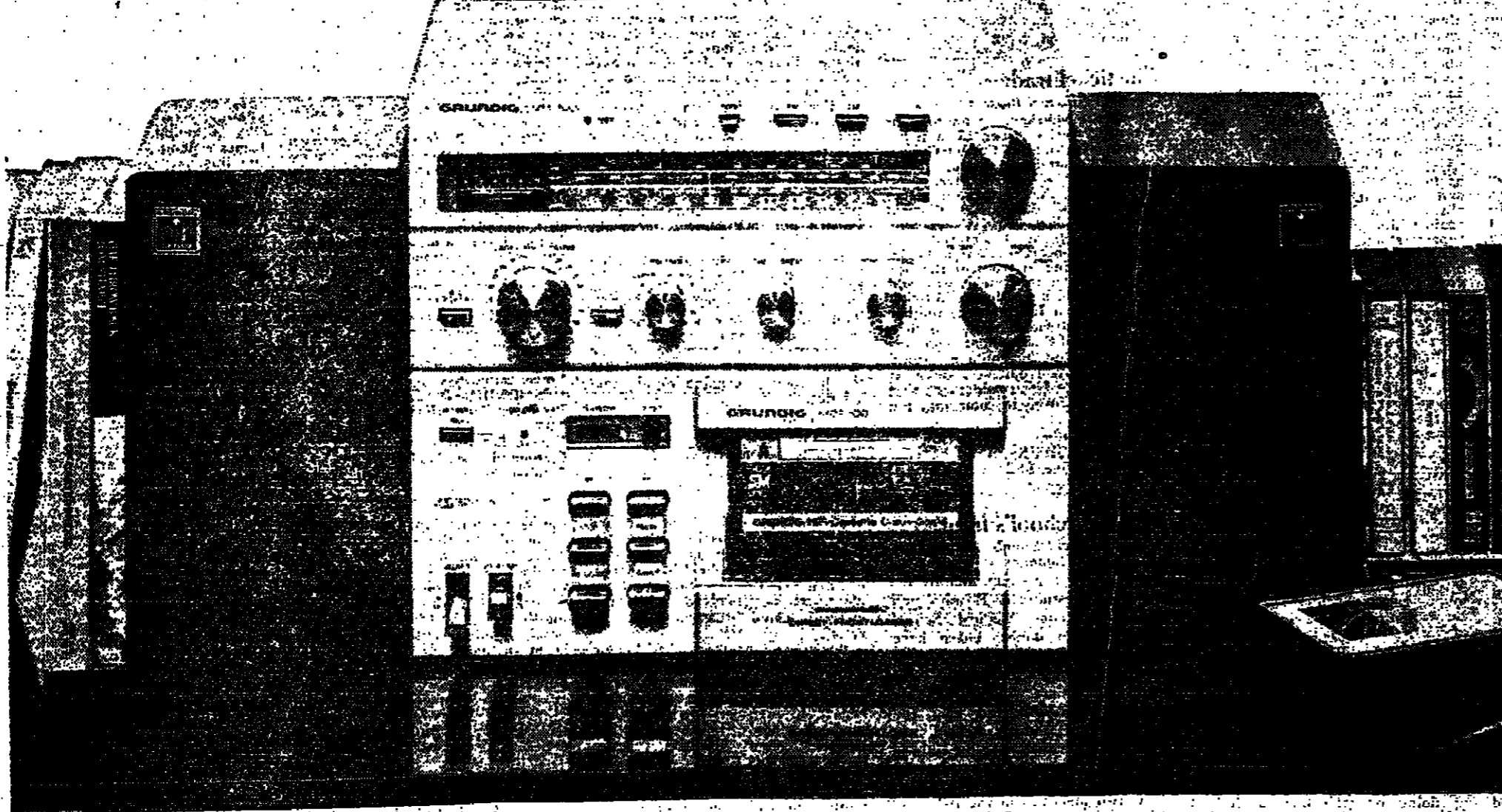
Like the speakers, which while almost literally pint-sized, pack quite a punch.

Looked at one way, the result is a quality hi-fi system that sounds a great deal better than most music centres without costing a great deal more.

Looked at another way, the Grundig Mini Hi-Fi is every little bit as good as any maxi hi-fi you might be tempted to buy. Except that it's half the size, anything up to half the price and you don't need a degree to make the most of it.

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The business
of creating
customers
page 18

THE TIMES

BUSINESS NEWS

Gambling
on the
North Sea
page 19

Stock Markets

FT Ind 495.5
FT Gilt 71.55

Sterling
\$2.4400
Index 78.9

Dollar
Index 84.7
DM 1.8655

Gold
\$632.50

Money
3 month sterling 164-165
3 month Euro 514-515
6 month Euro 514-515

Friday's close

IN BRIEF

Reagan aims at 10pc cut in pending

Mr Ronald Reagan said at the start of his visit to the United States that he would cut government programmes if he was elected President of the United States. He said his goal would be to reduce the federal budget by 10 per cent by fiscal 1984.

The presidential election campaign is in full swing and Mr Reagan, the Republican challenger to President Carter, is mounting a full-scale assault on the administration's economic policies.

Noting the latest inflation was showing more than a 12 per cent consumer price increase, he blamed the President directly for the nation's economic troubles.

He said in a nationwide television broadcast that there was a real deal of waste that could be eliminated from government programmes. He said his plans would provide a balanced federal budget by 1983, and possibly by 1982.

\$6.7m Boeing order

Boeing has received a \$156.7m (£55m) contract from the Iranian air force for warplanes and control aircraft, it was announced in Washington.

Components pact

Increased economic co-operation in motor vehicle components between the Association of East Asian Nations has been agreed upon at a two-day meeting in Bangkok, of the Asian ministers of Thailand, Malaysia, Singapore, Indonesia and the Philippines.

China tool survey

A survey of Britain's mechanical engineering companies has found that many more intend to buy tools in the coming 12 months than they did in the past according to the results of a survey conducted by Working Production magazine.

inery opened

Shenn Shengari has announced Nigeria's third largest multi-million-pound refinery at Kaduna. The refinery, built by Japan's Daicel Chemical and Engineering Co, cost \$50m and will refine 100,000 tons of oil a day.

On treaty talks

Chance negotiations for an international co-operation in customs trade began in a meeting between the United States and Japan on Monday. The old agreement between the two nations, the General Agreement on Tariffs and Trade, was being replaced by a new one which would set the stage for reforming trade relations.

Per delay in Peru

Peru has postponed delivery of its copper sold in the London market due to a wave of strikes in the country's most important mines, officials disclosed in Lima. The effect buyers in Japan, Europe and the United States.

Salaries suffer

Chief executives of British companies have had smaller rises—a median 13 per cent—than most of their employees in the last 12 months, according to a survey by the House Group on top executives' wages.

Per centre site

Traders and exporters of rubber will meet in London on November 17 to 21 to discuss the site of the headquarters of their new international trading organization.

West Germany agrees to compromise on European steel production quotas

By Peter Norman and Peter Hill

Objections by West Germany to the EEC Commission plan to control community steel production appeared last night to have been overcome after lengthy meetings in Brussels.

Representatives of the special steel industry, attended by the Commission, discussed the plan with the Commission's steel experts, to discuss West Germany's objections to the plan.

The German steel industry, which has been raising the issue since the plan was first announced, has now agreed to accept the Commission's proposal to limit production of special steel to 1.5 million tonnes a year.

A further meeting of the Council of Ministers will take place there on Thursday.

The British Government, which was represented by Mr Adam Butler, Minister of State for Industry, insisted that special steel should be included in the regime to protect the interests of largely privately owned producers near Sheffield.

The United Kingdom has to stand firm on special steel, Mr Butler said after the meeting. While France took a similar hard line, the British delegation was most explicit in insisting on a quota system for special steel.

But after yesterday's talks, the basis of a compromise agreement which would be acceptable to the Bonn Government and at the same time ensure that special steel was included in the control measures was reached.

Last night, Mr Selwyn Williams, director of the British Independent Steel Producers Association, said: "After today's meetings we believe that we are near to a solution which will meet objections raised by Dr Lambertz and

justify the stand taken by the Government."

Final agreement on the special steel issue will now have to await approval at a further meeting between the Commission and steel industry representatives tomorrow.

The West German delegation accepted the need for compulsory production quotas, and the threat of a German veto seems to have receded into the background.

The German insistence that special steel should be exempted from quotas and the Commission's refusal to accept such a quota regulation would hurt Germany's small and medium producers puzzled representatives of British steel producers lobbying the meeting.

It was suggested that the Germans might be trying to create a large hole in the final agreement, as quota-free production of special steel could encourage producers to slightly alter the chemical composition of their ordinary products and then flood the regulated market with the product.

The question of defining what constitutes a special steel as well as establishing whether German producers will export special steel in the future was also discussed. The Commission will be discussing the question of state aids in the industry.

Mr Butler made clear that his government was not prepared to accept a quota system which would be a concession when it was not to be allowed to produce 32.25 per cent of the Community's steel—rather more than the Commission's original proposals.

Saturday's meeting appears to have been rather more amiable than had been expected. Dr Lambertz described Viscount Davignon's clarification of the Commission's plan as "positive, sensible and satisfying".

The German Government had insisted last week on a special Council of Ministers meeting. The delegation from Bonn came with a list of 10 questions for Viscount Davignon on specific

aspects of the Commission's plan and a number of proposed amendments.

Of these the still open question of special steel was the most important. But the Germans also sought, and obtained, the exemption from quotas of steel produced as a raw material for wide diameter tubes, tin plate and rails.

In return Bonn backed down on a demand that the proposed quota arrangement should run only until the end of March 1981, whereas the Commission had proposed article 58 should operate until the end of June next year. The Germans also agreed not to press for the exemption of reinforcing bars from the quota system.

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Restraint urged on closed shop changes

By David Felton Labour Reporter

Continuing differences between senior industrialists on the one hand and the Government on the other over closed shop changes are being brought into sharp relief by the Institute of Personnel Management's submission to the Government on the proposed legislation.

The view of the IPM, which has 21,000 members engaged in industrial relations problems, is that more sweeping proposals be urged in some quarters "would only create unnecessary tension and industrial relations difficulties for British companies and their management. In the current economic climate, company viability and its consequences for employment are overriding priorities."

More restrictive control of trade unions has recently been suggested by other bodies, the Institute of Directors and the Centre for Policy Studies, a Conservative Party "think tank".

The period of consultation on the draft codes ended earlier this month. Mr James Prior, secretary of State for Employment, said in the House of Commons that the Government was "not prepared to make any changes in the codes before the end of the year."

At the same time he is expected to publish a Green Paper discussing further action which could be taken on trade union immunities.

The IPM's submission, which has just been published, suggests that there should be a section in the code dealing with the role of the employer.

"This section could advise on particular steps which would establish the nature of the dispute. It remains the IPM's overall view that the government legislation and these codes are inappropriate to tackle some of the abuses by trade union members which give rise to much public concern," the submission says.

The need for restraint in approaching the closed shop was emphasised by several speakers at the IPM's national conference in Harrogate which ended at the weekend. In a paper to the conference Mr Clifford Rose, board member of the British Rail, argued that "the fiercest criticism of the principle of the closed shop comes from people with no direct experience of its operation within industry."

British Rail is attempting to renegotiate its closed shop agreement with the three rail unions in view of the provisions of the Employment Act and the recent decision by the Industrial Relations Commission that the closed shop is "not justified" in the case of the railway.

Mr Rose agreed that there had been "some difficult and distasteful episodes" in the closed shop history, but he said that the closed shop was "not unjustified" in the case of the railway.

He saw problems in the Commission's finding and said that it was "not fanciful" to suggest that the argument could be extended to any case of disaffection from joining or forming a union, or whether an employer's refusal to recognize a union could constitute a similar violation of the convention.

and more economists appear to be assuming no further serious inflationary shocks. Such an assumption, of course, is highly dangerous and it is for this very reason that many look ahead with marked trepidation.

The severe summer drought will have bitter consequences for food prices, as the latest inflation data is already indicating. Indexed wages are securing high wage rises, with an average 9 in 94 per cent so far this year. High mortgage rates are boosting the consumer price index and productivity in America continues to register minus points.

These inflation and productivity trends are likely to continue well into 1981. The Organisation of Petroleum Exporting Countries might impose higher oil prices, not just because of disruptions to supplies caused by the Iraq-Iran war, but also because of the rising cost of oil imports. The International Monetary Fund has predicted a 12.5 per cent inflation rate in Opec countries.

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Policy modified over North-South conference UK may join Third World summit

By Melvyn Westlake

Britain is a conspicuous absentee from the group of 10 countries who will "cosponsor" next year's proposed summit meeting of leaders from rich and poor nations.

But both France and West Germany are among the cosponsors, indicating clearly that President Giscard d'Estaing and Chancellor Helmut Schmidt are throwing their considerable political weight behind the summit initiative.

The apparent determination of important governments that the summit should go ahead has prompted Britain to declare its intention to attend, without qualification, if invited. However, the Government has insisted that it would only attend if it was satisfied that the summit had been properly prepared.

Despite firm denials from the Foreign Office there has been a widely held suspicion that Britain was trying to sabotage the so-called "Brandt summit". It was the report of the Brandt Commission, published earlier this year, that originally proposed such a meeting, aimed at trying to resolve some of the issues that blight relations between the world's rich northern countries and the poor developing nations of the south.

Britain has faced considerable international criticism for cutting back its aid budget and such criticism seems certain to surface again at any summit meeting of rich and poor.



Herr Schmidt: putting weight behind summit.

The cosponsors group includes five countries from the north and five from the south. As well as France and West Germany, they are Canada, Sweden, Austria, Mexico, India, Nigeria, Algeria and Yugoslavia.

Ministers and top officials from these countries will meet in Vienna on November 7 and 8, to decide the full composition of the summit meeting, the date on which it will be held, the place and the agenda.

It is expected that foreign ministers or their deputies from at least four of the cosponsors will attend some part of the Vienna meeting, including Herr Hans-Dietrich Genscher, the German foreign minister.

Apart from Britain, the other notable absentee from the cosponsors group is the United States. One reason for the latter may be the impending American presidential election. Although it will be clear by the time of the Vienna meeting who has won the election, it could be several months before a clear United States policy towards the Third World emerges if Mr Ronald Reagan were to form the next administration.

At the same time, there is no doubt that Britain and the United States are perceived by many countries to be the most negative and unconstructive of the industrialized block in their approach to the North-South dialogue.

Officially it is argued that the exclusion of Britain from the early summit preparations is simply a reflection of its declining political and economic influence in the world. But the cosponsors' being insular foreign policy and its "hawkish" attitude in negotiations with the Third World may also help to explain why it was not asked to help sponsor the summit.

Last night, Mr John Mitchell, the director of the World Development Movement, Britain's main aid pressure group, said it was hardly surprising that Britain had been left standing on the sidelines.

"If Britain persists with its negative position, it is in serious danger of being excluded altogether from playing any worthwhile part in the North-South negotiations," he said.

Call for special oil meeting on war

Bahrain, Oct 26. — Gulf oil ministers are considering a suggestion by Venezuela that members of the Organization of Petroleum Exporting Countries should hold a special meeting because of the war between Iran and Iraq, official sources said today.

The meeting, according to Gulf oil ministry sources, would consider the effects of the war on world oil markets. The conflict has halted oil exports of almost 4 million barrels a day from both countries. Oil ministers are expected to meet in Indonesia in December.

Extra supply: The extent of Gulf war-relief supplies of oil are far from clear, according to Petroleum Intelligence Weekly.

Saudi Arabia had not yet confirmed instructions on increased shipments. Allegations by other states, Kuwait, Abu Dhabi and Qatar, also were not yet definite, the journal said.

Indications were that the four states had decided to settle initially on a cautious increase totalling about one million barrels daily or a bit above.

Saudi Arabia was officially stated to have raised its production to 9.5 million barrels a day. Other temporary additional supplies, apparently planned at present for the fourth quarter only, were said to be 350,000 to 400,000 barrels daily from Kuwait plus 50,000 (or possibly, 100,000) from Abu Dhabi, and 20,000 from Qatar.

EEF chief rejects sick pay changes

By Patricia Tisdall Management Correspondent

The Engineering Employers' Federation has reaffirmed its total rejection of government proposals to alter sick pay arrangements.

In a letter sent to Mr Reginald Prendergast, Secretary of State for Health and Social Security, Mr Anthony Frodsham, the EEF's director-general, said at the weekend that EEF's opposition was not simply a matter of detail.

The proposals are to transfer responsibility for payment of 130-a-week sickness benefit during the first eight weeks of an employee's illness from the state to employers.

According to Mr Frodsham, such compensation would be unfair to manufacturing employers whose employees tend to suffer a higher incidence of illness than those of service industries.

In earlier submissions the EEF suggested an alternative to the Government's plan under which employers would act as "paying agents" for the Government.

But from subsequent discussions with Whitehall officials they gained the impression that the Government would be unwilling to adopt the alternative because it would mean that only 3,000 civil servants' jobs would be cut instead of the 5,000 under their own proposals.

The EEF also maintains that withdrawal of earnings related benefits to the sick amounting to about £185m annually will provoke a chain of claims from employees asking for employers to make up the difference.

Skills shortage warning on training cutbacks

By Patricia Tisdall

Concern that cutbacks in the intake of trainees will lead to skill shortages when the recession ends was expressed at the Institute of Personnel Management's annual conference at Harrogate at the weekend.

Mr John Cassels, director of the Manpower Services Commission, urged employers to "think twice and twice again before cutting back on skill training."

I know why some feel obliged to do it. I also know what it will mean if you do," he said.

The concern has been exacerbated by reports of large numbers of companies reducing their intake of apprentices to cut back on redundancies. White-collar as well as manual training programmes are being axed. ICL, for example, has abolished its graduate training scheme.

Greater employer influence and involvement with professional institutions and academic interests was fundamental to the improvement of education and training and the maximising of potential, the federation said. That had in the past been often difficult to achieve.

The federation welcomed the new body's intention to concern itself with engineers across the professional spectrum. Present distinctions between chartered engineers, technical engineers and engineering technicians were frequently "more artificial and divisive than logical" as well as often irrelevant to the construction industry, the federation said.

The Federation of Civil Engineering Contractors suggests that a balance of membership between experienced professional engineers and experienced employers is right. "An assembly of nominated delegates defending vested interests, primarily academic, will not achieve the new momentum which is sought," the federation said.

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Construction engineers want more influence

By Our Commercial Editor

A group representing all interests in civil engineering should have a "significant" voice on the new chartered body proposed by the Government to oversee engineering.

This was urged yesterday by the Federation of Civil Engineering Contractors, who want to see the group include employers and all bodies with an interest in construction. That would ensure the construction industry's needs for education and training of its engineers would be adequately met, the federation said.

The federation argues that civil engineering differs from the rest of manufacturing industry and a clear distinction needs to be drawn between the two in the structure of the ruling council of the new body.

The federation's call comes at a point when the profession is urging Sir Keith Joseph, Secretary of State for Industry, to set up a new body of chartered engineers on the new body's governing council.

This looks likely to cause a clash with employer organizations like the Engineering Employers' Federation (EEF) and the Confederation of British Industry because the EEF, particularly, would like to see at least half the governing council representing industry.

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THE POUND

Bank	Bank	Bank	Bank
buy	sell	buy	sell
Norway Kr 11.95			
Portugal Esc 119.00			
South Africa R 2.15			
Spain Ptas 168.50			
Sweden Kr 10.75			
Switzerland Fr 4.25			
USA \$ 2.51			
Yugoslavia Dnr 75.00			

One can fairly safely dismiss the White House sniping at the Federal Reserve Board's policies as mere election strategy. The Fed will not budge from its declared course. It intends to try to secure still slower money supply growth and credit market conditions could well be just

as tight next year as they have been this year. That when demand for credit increases, even by quite modest amounts, interest rates could rise rapidly. Similarly, when credit demand eases, rates could fall sharply.

It is difficult to see any sources of stimulus for the United States economy in 1981. To suggest that the rate of economic growth in America may be a mere 1 per cent next year is realistic rather than pessimistic.

The election results are unlikely to have a significant effect on this sort of forecast. Both candidates are advocating similar tax cutting programmes and the return of what is likely to be a fairly conservative Congress will guard against any introduction of large tax reductions. At most, tax cuts of about \$30,000m (about £12.45m), spread throughout the coming year, are likely.

Such cuts are not so significant when set within the context of over \$620,000m of tax revenues collected in America in 1981. Indeed, if unemployment in the United States next year was to be 5 per cent, rather than a more probable 8 per cent, then even with the tax cuts, the 1981 budget would be in surplus.

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BY THE FINANCIAL EDITOR

Gambling on the North Sea

North Sea oil shares have been having a rather good run. The reasons are not hard to find. The Middle East war has created nervousness (or, more accurately, a case of hope) that oil prices will soon rise. At the same time, highlighted advantages of having reserves in a politically stable area and increased chances that smaller fields will be developed.

This both increases the attractiveness of companies with interests in fields where the capital of recoverable oil is uncertain and is to the importance of success in gaining a licence for exploration in the seventh round of licensing. At its best, the North Sea is a gamblers' paradise. Companies that have an Aram Energy could be worth nothing, or could, according to latest estimates, be worth £174 per cent of the present share price. This would be true if all its estimated reserves were developed. The best estimate is that reserves worth only 65 per cent will be developed.

Other notes of caution need to be added. The oil prices. World demand continues to rise, and provided there is no panic buying, governments or companies particularly hit by the loss of supplies from Iran, Iraq, the winter should, even if bad, without significant increases.

It is a case where the Stock Exchange is on uncertainty, and that will remain until the "daffodils" are out. A note of caution needs to be added on how much further the shares

draft facilities and repled the money at a profit. The practice is known as "round tripping". Equally well known is the fact that this practice swells bank lending and bank deposits. In other words, it makes for considerable official embarrassment every time the chosen day comes round for taming up the monthly money supply figures.

But to say that such a situation should be acceptable on every other day of the month must be a nonsense. This is not because it means that for a change bank customers are able to make a profit at the expense of the banks, but because overseas investors contemplating where to put their money look not at a 16 per cent M.L.R. but at a money market return of 18, 19 or 20 per cent.

Now, to be fair to the Bank, the financial flows between the Government and the private sector—and these are the crucial elements in initially determining the availability of reserve assets—are large, volatile and not always easily predictable on a day-to-day basis.

It is also true that the Bank may have a less than perfect idea of how much assistance it should be injecting (or withdrawing) if the interest rate messages it is getting from the market are daily distorted by some reporting institutions, deciding to change the rules to suit themselves.

Such problems cannot, however, be passed off as a comprehensive excuse. If the system is not easy to rob, then it is surely the authorities' duty to improve it.

Last Friday the authorities tried to improve the situation by buying large amounts of eligible bank bills from the discount market on an outright basis. The aim of this is to remove the uncertainty that goes with the traditional sale and repurchase arrangement and to encourage the houses to use the cash to run their underfunded assets, eg loans to the banks up to the hilt.

It may be that this particular help, further operations of a like kind and a general improvement in the underlying situation will soon ease the position. But looking ahead over the next few months it is not hard to envisage a repeat of recent events. Regardless of whether we have a monetary base system, the case for the Bank switching to a mainstream money market operations directly to the inter-bank market and intervening far more actively must now be getting very much stronger.

Gold Testing resistance points

Despite the Middle East crisis, which not so long ago would have driven prices up, gold and silver fell back sharply last week, selling most other metals with them.

Indeed, the only one to swim against the tide was copper. LME three months wire bars put up £21 a tonne to \$87.75. Support for copper, however, comes not from prospects of better industrial demand but from the American copper workers' strike.

Weak industrial demand explains why other metals are falling. But it does not explain the apparently strange behaviour of precious metals. Gold opened the week at \$666.50 an ounce, falling to \$633. Silver followed, falling almost 30p an ounce to \$40p. Even platinum, the object of bullish comment recently, could not escape, and dropped \$22 an ounce to \$647.

In all cases, demand was poor, and at one stage on Friday gold touched about \$625. One reason could be indications of increased Russian sales. After net sales to the West this year of perhaps only 2 tonnes, compared with 225 last year, another 25 tonnes has registered in Swiss customs figures, presumably in pay for food imports. But this had been anticipated and was thought to be discounted.

More likely, the market has dropped because of gold's repeated failure to sustain an advance beyond about \$670. The chartists say there are two resistance points on the way down, at about \$620 and \$580. After several months in which it was widely assumed that conditions favoured the gold price, the market seems simply to have got listless. Unless something dramatic happens, those resistance points could be tested.

Business Diary profile: Glyn England, CEEGB chairman

has just said goodbye to Mr. Glyn England, Chairman of the Central Electricity Generating Board. The few Britons who are too sorry to be the winter were to be than that of last year, a name, England is, a small, energetic man, frequently lets the globe checking on the Organization of Exporting Countries to or to see what are being made by opposite numbers in involvement with the when the board died 22 years ago. He and electrical and cal engineering at Cal College, London, evacuated during the East End to go, allowing him to run what he refers to as the cheapest London of running one of the highest businesses of £4.88m.

First job at the board, development engineer, 1950 he had become Operations Engineer, later he was Director of the CEEGB's eastern region, based in far from his native Glamorgan.

Three years ago he joined the B.R. as an, the then Secretary for Energy, as chair of the board itself. He is Sir Arthur Hawkins

at a time of growing friction between government and the board.

This winter will be particularly critical for England because it follows a year when demand for electricity has fallen by 3 per cent between April and September—in comparison with last year. The board is still recovering from the drop in demand of last winter due to the mild weather.

He believes in the importance of personal commitment to serve the consumer. One of his declared public intentions on succeeding to the CEEGB chairmanship was to improve relations with Whitehall and to foster "strong personal commitment" among the board's staff.

England's polished performances under aggressive questioning by Parliament select committees are evidence of his ability to sustain the dialogue with Whitehall, and in frequent lectures to all levels of staff he shows skill as a communicator.

He is still, despite the self-control, detectably annoyed by those who appear not to have made the effort to read the published information on the progress of the public sensitivity of the subject, because he is among those who have publicly defended the policy of embracing nuclear power despite reducing the demand for electricity.

His defence is based on the economics of nuclear power versus the expected cost of a contracting supply of fossil fuels. In a recent address to



Glyn England: the consumer is always right.

his staff he said: "We at the CEEGB have an vested interest in nuclear power for its own sake. We are not, for that matter, pro or anti any particular fuel—we are simply pro electricity consumer."

"Our aim is to ensure that whatever changes may occur in the energy scene in the years ahead we shall still be able to meet all the demands that are made on us and keep our costs as low as possible."

England has heard all the

arguments, both conceptual and political, but always returns to the one big theme: that the consumer is important and it is his job to give the consumer what he or she wants.

He has also found that debates on cash limits, imported coal and the reorganization of the electricity industry are capable of generating as much passion as nuclear energy in certain quarters.

Coal still accounts for

Germany's new government confronted with economic gloom

Peter Norman

Just three weeks after the celebrations of election night, the victorious Social Democrat and Free Democrat partners in the Bonn government coalition are about to come back down to earth with a bump.

Negotiations to draw up the new government's policies are due to begin today and it is already clear that the state of the economy will bulk large in the discussions.

For in addition to the now familiar problems of a relatively weak Deutsche mark on the foreign exchange market and the burgeoning deficit in Germany's current account balance of payments, Bonn is now expecting much slower growth next year than had previously been forecast.

By coincidence, Germany's five leading economic research institutes are due to present their regular autumn report on the state of the German economy today and it is widely expected that their message will be one of gloom.

In what some observers see as a preemptive move to divert attention from the grimest passages in the five institutes' report, the Economics Ministry in Bonn has already published what amount to provisional forecasts in the weekly development of the economy for next year.

Growth averaging a real 0.5 per cent next year appears to be the most to which Germany can look forward. Even this modest target (it compares with a possible growth rate of 2.4 per cent this year and 4.6 per cent in 1979) is described by the

economics ministry as a "cautiously optimistic assumption" and will involve a significant recovery in the economy towards the end of next year if it is to be achieved.

Unemployment is expected to average between 4 and 4.5 per cent of the working population next year, implying that on average between 1 million and 1.5 million will be out of work in 1981 compared with 822,600 at the end of September and a forecast 900,000 average unemployment level for this year.

The one bright spot in the ministry's tableau of likely events is a drop in inflation to between 3.5 and 4 per cent next year from 5.5 per cent this year.

Although West Germany is facing an economic slowdown rather than a recession, the expected deceleration in growth contrasts markedly with the government's pre-election optimism when official targets were based on the assumption of a 2.5 per cent real growth next year.

The first person to feel the effects of slower growth will be Herr Hans Matthöfer, the West German finance minister. An important job facing the new government is drawing up the budget for 1981 and the prospect of slower growth will make more difficult an already daunting task of matching revenue to expenditure without increasing the federal government's net borrowing requirement beyond the DM27,000m level already agreed.

Concern over the growth of government indebtedness was itself up and so out of business.

Sir Freddie Laker, after a battle which had lasted seven years, triumphantly rode his cheap-fare Skytrain service into New York on the same day as the new government's inauguration. Before long every airline on the North Atlantic, including such a staunch IATA supporter as British Airways, was making bargain-basement fares offers.

The association has just completed its first year what Mr. Knut Hammarström, its director general, calls "the new IATA". Fare-fixing has become a less important role, making up about 20 per cent of its activity, and there is greater emphasis on what is known as the trade association role where the airline members get together to discuss a wide range of subjects vital to the industry's health, such as safety, technical developments and security.

As a result of a far-reaching change of policy which began at the 1977 annual meeting in Madrid, airlines no longer have to be members of both the tariff and trade association sectors of IATA and can opt for the latter only.

According to the latest count, 11 of the 106 members have come out of fare-fixing. Although it is a small percentage of the membership, it is significant, some of the largest United States airlines, including American, Braniff, Eastern, TWA and United.

Two other important United States carriers, Pan American and Delta, decided to leave the association three years ago. It was their decision which went a long way towards precipitating a crisis in the affairs of IATA and the reconsideration of much-murdered policies. The fruit of which should be seen at this week's meeting.

IATA's troubles really began with the introduction by President Carter soon after he began his term of office four years ago of airline deregulation. Under this, United States airlines were allowed to fly virtually where they liked and at what fares they liked, and the Civil Aeronautics Bureau (CAB), which had hitherto controlled such matters, was instructed to prepare to wind

its interest does not always result in cheap fares, however. While the British Government has made it clear that it is in favour of an open skies policy both on new routes and low prices, it has had to admit defeat in the face of European governments who want to see neither, while indulging in protectionism for their own national airlines.

Governments, which originally established IATA as a forum

one of the few planks of the opposition's election campaign to rattle the Bonn government coalition. Since the election has been fought and won, Germany's Independent Federal Bank has also signalled its considerable concern at the growth in public sector deficits.

The bank expects that the federal, state and local authorities together will run up an average deficit this year in excess of DM50,000m—higher than the level expected in the spring and well above last year's DM47,000m level.

It will be up to Herr Matthöfer to draw up a budget for next year that convinces parliament and the federal states and municipalities that Bonn is serious when it talks about the need to consolidate public finances.

In the government policy negotiations with the Free Democrats, the finance minister is expected to propose an increase of 7 pfennigs (about 1p) a litre in petrol taxes from next April and DM3 (about 65p) a litre extra on spirits. He also plans to cut back state subsidies for savers and house-builders to remove progressively subsidies that encourage oil consumption and to delay for three months next year's Civil Service pay award.

The federal government tends to see the time for overall public sector debt policy and its critics would argue that in recent years the time has been far too late with the result that there is no scope today for Germany to finance its way out of a slow-down in the economy through deficit spending.

But when Herr Matthöfer and his experts pour over the details of the budget in the coming months in an attempt to keep expenditure within the 4 per cent growth ceiling envisaged for 1981 they will only be experiencing what has become a general phenomenon in economic policy making in Germany—lack of room for manoeuvre.

The need to cope with new constraints applies also to the Federal Bank in its money and credit policy.

The weakness of the mark—reflecting the probability of a DM27,000m to DM30,000m current account balance of payments deficit this year—has forced the authorities to Frank-furt to maintain interest rates at higher real levels than appear justified by the slow-down in the domestic economy since the spring.

Of around 8.4 per cent are a genuine burden for companies when inflation has nosed downwards to about 5 per cent. But in international terms, they appear miserly when compared with the returns available on dollar or sterling deposits.

The likelihood of slower economic growth next year is also bound to have an impact on salary and wage levels. The West German worker may not

be facing a real drop in income, such as appears likely in Britain or Belgium, but there is little room for incomes to do more than stagnate in real terms next year. The economics ministry forecasts that a 3.5 to 4.5 per cent increase in gross incomes is the most that companies and workers can hope to achieve next year.

In Germany, it took longer than in other countries for the second oil shock to translate into a slowdown of economic activity. But now that Germany is shouldering a massive balance of payments deficit, the international assessment of the German economy has changed radically.

The weakness of the mark has proved to be an unexpected serious handicap on economic policy making. Its tendency to devalue against the dollar and sterling has made fighting inflation more difficult through raising the cost of imported goods and particularly oil. The German currency's decline has tended to nullify the fact that in volume terms German exports are rising at a faster rate than imports.

The authorities now believe that Germany's current account deficit should drop to about DM20,000m next year from the DM30,000m expected for this year. But so far the foreign exchange markets have failed to honour the forecast. Only when the markets find faith in the Deutsche mark again will the way be clear for West Germany to recover from its present economic malaise.

The International Air Transport Association meets in Canada today

Airlines escaping from their cartel image



Mr. Knut Hammarström, director general of IATA: governments are increasingly involving themselves in fares fixing.

IATA's traditional role of meeting and making fares dissolved overnight in the face of this free-for-all, but at the same time it came under an associated, but more serious threat. The CAB in Washington proposed to make airlines, which had traditionally been exempt, subject to the United States anti-trust laws. This was a lack of competition illegal and instructed the association to show cause why such action should not be taken.

Fortunately from the point of view of the airlines, the CAB then appeared to go too far, trying to impose its new liberal policies in parts of the world where United States airlines were virtually unknown.

Foreign governments protested to the State Department. IATA has now been given a two-year breathing space during which United States airlines are free to take part in fare conferences while IATA's activities will, in its own words, be "closely monitored".

IATA continues to establish fare levels on international routes throughout the rest of the world, except on "cabbage" routes between countries and their dependencies, such as London-Hong Kong, but it does so in a more relaxed manner than in the past.

The "unanimity rule" under which every airline in a particular geographical area of the world had to agree on a fare, has been softened. Governments, which always had to approve the fares thrashed out in IATA meetings, are beginning to take a keener interest in the association's decisions.

This interest does not always result in cheap fares, however. While the British Government has made it clear that it is in favour of an open skies policy both on new routes and low prices, it has had to admit defeat in the face of European governments who want to see neither, while indulging in protectionism for their own national airlines.

Governments, which originally established IATA as a forum

in which their airlines could negotiate, appear to be taking over increasingly as the final arbiters of what travellers should pay. It was the French government, and not the association, which rejected British Airways' proposal for a £20 "Channelhopper" fare between London and Paris.

IATA is now concerned with obtaining fares increases for its members which, in a period of galloping inflation, recession, and falling traffic, will allow them to stay afloat economically, rather than pushing up profits, as in the past.

It has been concentrating recently on working out "trigger mechanisms" which, neither, while indulging in price wars, would produce automatic fare rises when the cost of fuel goes up.

In recent years the gap between these two points has cost the industry millions of pounds while it waited for government approval.

Technically, there is no reason why IATA should not relinquish completely the business of setting fares leaving it to airlines to fix them formally with an appropriate government approval so long as they are not so low as to threaten safety

(in Washington the trick is to file them five minutes before the CAB closes on Friday afternoon so that there are two days in which to offer them to the public before the opposition can catch up).

The fear of most governments is that a free-fall of this nature would inevitably lead to fares falling so low that no airline would stand any chance of making future profits—as has happened on the Atlantic, where it all began.

Privately, owned airlines would tend to bankrupt or would severely restrict their services, including some which are essential in trade and export. Many nationalised carriers would lose heavily on state subsidies in keeping going.

Apart from the United States, most governments are therefore in general favour of fare-fixing machinery, and as they do not want the task themselves, remain content for the airlines to carry it out on their behalf. To quote an aviation expert, "If IATA were killed off, it would be necessary to reinvent it."

Arthur Reed

Tackling the mounting problem of the young unemployed

During the next few weeks the Government is expected to announce a new package of initiatives to mitigate the deepening problem of teenage unemployment.

Favourites for the list include an expanded Youth Opportunities Programme and a drive to encourage industry to create more apprenticeship schemes. If handled imaginatively, both could provide not only gains for youngsters but also important benefits for employers.

If the Government is to honour its pledge to offer every out-of-work school-leaver either a job or vocationally-oriented training by next Easter, some public spending increase is budgeted since April from £130m to £183m.

Since its inception two and a half years ago more than half a million 16 to 18-year-olds—the majority with no qualifications—have received work experience through the scheme. Until recently seven out of ten have either found permanent employment or gone on to some form of further education.

The scale, if not always the quality, is impressive. Yet simply expanding the programme to cater for more people will not be enough. Three issues urgently require constructive thought: the relevance of the training; and the prospects for youngsters when they leave the scheme.

Unless more sponsors volunteer, the risk of the programme having to place too much reliance on "preparation for work courses", instead of on the more valuable work experience, is growing.

Though there has been an improvement, the training content of some of the projects has been open to question. Another worry is that lately a relatively high percentage of participants has been making the transition into employment or further training.

All three concerns point in the same direction—namely, if youngsters are to derive real and long-term benefit, the Youth Opportunities Programme needs to be more attuned to the genuine requirements of employers. This will happen only if any investment they make in training offers at least some prospect of a realistic pay-off. To see what can be achieved, the Government and the MSC should look closely at some of the European apprenticeship schemes.

and industrial circles that, unless the foundations of training are provided, the nation will lack the skills to capitalise on opportunities when the recession eases.

One way and another, the existing "special measures" are producing activities for about 146,000 youngsters (134,000 during the full year). They consist of: the special temporary employment programme (STEP), geared to young adults; Community Industry, a scheme for disadvantaged school-leavers run by the National Association of Youth Clubs; and, by far the largest element, the Youth Opportunities Programme, which despite the clamp on public spending increased its budget last April from £130m to £183m.

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As explained in the Young German Foundation booklet *Youth Unemployment and the Bridge from School to Work*, apprenticeship in West Germany covers some 400 activities and lasts about two years.

As with the Youth Opportunities Programme, school-leavers are paid a training allowance (funded by the employer). There is no question, as in Britain, of free collective bargaining establishing an artificially high link between apprenticeship rates and skilled men's pay.

The system is attractive to employers because it offers them some security against high trainee turnover. Increasingly, small firms—precisely the sector where our own Government believes offers the best long-term hope of creating real employment—are among the most enthusiastic sponsors. Because the scheme is cost-effective, providing about 100,000 apprenticeships in West Germany, employers are far more insulated than our own against unemployment.

There is also a glaring need in Britain to look at traditional apprenticeship schemes, which have fallen to just over half compared with 1965. In engineering, for example, there has been a drop from 170,000 in 1965 to under 100,000—with an intake this year, according to Mr. Sol Morris, of the Engineering Employers' Federation, of only about 20,000 (some 15 per cent down on 1979).

Three reasons for the decline are that many apprenticeships are unnecessarily long, costly and too restrictive. Too little account is taken of the short-cut allowed by new technology and certain occupations, at present labelled "skilled", need re-classifying.

Mr. Marshall defines the priorities as: a review of entry-related apprenticeships, with the emphasis on short-term training at any age, and an acceptance that people with basic skills should be allowed to undertake appropriate work. In other words, the key to the apprenticeship scheme is relevance and commercial realism.

Together they provide the best hope both of reducing unemployment and of generating investment in the skills of the future. It is a point that must not escape the Government and the MSC in their review of the Youth Opportunities Programme.

Rosemary Brown

